

A STUDY ON IMPORTANCE OF MICRO FINANCE ORGANIZATION FOR SMALL AND MEDIUM SCALE ENTERPRISES

Submitted in partial fulfillment of the requirements for the award of

MASTER OF BUSINESS ADMINISTRATION

by

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SATHYABAMA

**INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)**

CATEGORY - 1 UNIVERSITY BY UGC

DEPARTMENT OF BUSINESS ADMINISTRATION

SCHOOL OF MANAGEMENT STUDIES

DECEMBER 2023



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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of PRASATH.M (42410259) who carried out the project A STUDY ON IMPORTANCE OF MICRO FINANCE ORGANIZATION FOR SMALL AND MEDIUM SCALE ENTERPRISES under my supervision from SEPTEMBER 2023 TO DECEMBER 2023.

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DECLARATION

I **PRASATH.M (42410249)** hereby declare that the project report entitled A STUDY ON IMPORTANCE OF MICRO FINANCE ORGANIZATION FOR SMALL AND MEDIUM SCALE ENTERPRISES done by me under the guidance of **Ms.Yamuna Associate professor, School of Management studies** is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

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ABSTRACT

This paper investigates the importance of microfinance organisations for small and medium scale enterprises in Tamilnadu. The objectives are: one, to examine the access to finance is significantly related to growth of Small and Medium Scale enterprises. Second, to investigate the effect of factors such as Advancing loan, Technical support, Value chain opportunities, and Social networks, on Small and Medium Enterprise growth. Third, to analyse the ability of Micro Finance organizations to transform micro-businesses to formal small-scale enterprises.

The study employed survey method and used questionnaire to collect the data from 30 entrepreneurs who run their small scale industries finance by microfinance banks in Tamilnadu. We find strong evidence that access to microfinance does not enhance growth of micro and small enterprises. However, other firm level characteristics such as business size and business location, are found to have positive effect on enterprise growth. The paper recommends a recapitalization of the Microfinance banks to enhance their capacity to support small business growth and expansion.

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CHAPTER 1

INTRODUCTION

Micro, small, and medium-sized enterprises (MSMEs) have gained increased attention in India in recent times, considering their strategic importance to the economy and the country. MSMEs play an important role in generating employment. Small and medium enterprises assume a significant job in the advancement of a nation regarding monetary, social, and mechanical areas. It has a critical impact on the formation of occupations and to improve the expectation for everyday comforts of general individuals.

SMEs advance the broad-based improvement in business and serious business exercises as result, it gives financial advantages in type of innovation and total profitability development. (Alfred Nuwagaba, 2015).

In the current time frame, MSEs are considered as a hotspot for business because of their huge commitment towards financial dependability and neediness moderation which is the significant subject today of the developing economies. (Bereket Tadesse, 2010).

The small and medium-size undertaking is an important standard in the economy of India. The modern area is spoken to by practically 90% of the SME regarding number. However, since their introduction to the world, the SMEs in India have been defying a few troubles, for example, financing and renegotiating as it is difficult to get credits from business banks to start their little and medium-size undertakings. The explanation is on the grounds that business banks request security prior to allowing advances for business purposes. SMEs are subject to higher danger and viably default, with that, banks charge more insurance when they are high danger in the business. Fundamentally, the huge security that is requested by business banks request security prior to conceding advances for business purposes. SMEs are subject to higher danger and adequately default, with that, banks charges more insurance when there is a high danger in the business. Fundamentally, the huge insurance that is requested by business banks cuts the SMEs official direct in getting credits. Thus, the difficulty of admitting to advance from the monetary institution of a state (for example business banks) comprises a unimaginable incident to innovative turn of events. (Bagudu, Khan, & Roslan, 2016).

The fall foul of formal banking support on Small Scale Enterprises is of economic deterrent to new businesses and expansion of the existing ones. About only 5-6% of the population is reported to have access to formal banking facilities. Small Scale Enterprises (SMEs) in Ghana

mostly have limited access to credit facilities, deposits and other financial services provided by formal financial institutions such as commercial banks. For this reason, banks find it difficult in dealing with Small Scale Enterprises thinking they might default in payment. This is because most SMEs are not able to provide the necessary collateral securities demanded by the formal financial institutions. For this reason, SMEs turn to secure loans from microfinance institutions. Quansah (2012) et al found out that Micro Finance Schemes are instrumental in transforming lives of the poor.

Microfinance encompasses the provision of financial services and the management of small amounts of money through a range of products and a system of intermediary functions that are targeted at low income clients. Over the years, the microfinance sector has thrived and evolved into its current state, thanks to various financial sector policies and programmes undertaken by different governments since independence.

Micro finance has several benefits for developing nations. Microfinance institutions (MFIs) have become the main source of funding micro enterprises in Africa and in other developing countries. As pointed out by the former UN Secretary General Kofi Annan during the launch of the International Year of Micro Credit (2005), "Sustainable access to microfinance helps alleviate poverty by generating income, creating jobs, allowing children to go to school, enabling families to obtain health care, and empowering people to make the choices that best serve their needs." (Kofi Annan, December 2003).

Small and Medium Enterprises (SMEs) are commonly believed to have very limited access to deposits, credit facilities and other financial support services provided by Formal Financial Institutions (FFIs). This is because these SMEs cannot provide the necessary collateral security demanded by these formal institutions and also, the banks find it difficult to recover the high cost involved in dealing with small firms. In addition to this, the associated risks involved in lending to MSEs make it unattractive to the banks to deal with micro and small enterprises. Statistically, small enterprises are reported to have high failure rates making it difficult for lenders to assess accurately the viability of their enterprises, the abilities of the entrepreneur, and the likelihood of repayment.

CHAPTER 2

REVIEW OF LITERATURE

VARIOUS REVIEWS

1. **Grant Thornton and FICCI (2011)** concluded that the cost of capital is high for MSMEs, and that there is a need to reduce the time and documentation required for procuring finance. With MSMEs' rising need for short-term and long-term capital, banks should move toward more innovative methods of lending to provide for those firms' financial needs.
2. **Nameem (2013)** portrayed Microfinance in different habits Microfinance is the plan of budgetary organizations to low-pay poor and amazingly powerless independently utilized individuals". In more broad terms, communicated that "scaled-down budgetary organizations incorporate the game plan of much more noteworthy extent of financial organizations, for instance, stores, credits, portion organizations, money moves and insurance terms to destitute individuals and low-pay families, for their microenterprises and privately owned businesses, to enable them to raise their compensation levels and improve their assumptions for ordinary solaces".
3. SMEs is committed to higher risk and reasonable default, with that, banks charges more insurance when there is high peril in the business. Basically, the tremendous protection that is mentioned by business banks cuts the SMEs official redirect n getting credits. Therefore, the trouble with induction credit from the budgetary association of a state (for instance business banks) sets up an exceptional incident to spearheading Improvement (**Bagudu, Khan, & Roslan, 2016**).
4. MFIs provide financial and none financial products and services in a wide range of MSEs, clients that have a low income, self-employed low earnings working in the informal sectors of business. A sustainable social-economic for a long time, MFIs has been a powerful weapon for the development of economic (**Alfred Nuwagaba, 2015**).
5. Microfinance is the supply of loans, savings, and other financial services to the poor. The term micro is in reference to small amounts typically involved in practice. These services are small, micro because a person who does not have a lot of money most likely will not need a loan of several thousand of rupees (**Berihu Assefa, Abebaw Zerfu, and Biruk Tekle, 2014**), they further noted that a loan of a few hundred rupees may make a huge difference in their lives, giving them the ability to purchase livestock for a small

farm, a sewing machine to help in making accessories and clothes, or supplies for a small store.

6. Lack of access to financial services is one of the major constraints hindering the development of MSEs, and therefore the supply of entrepreneurial activities not just in Ethiopia, but also in the other developing countries. Commercial banks have traditionally concentrated lending large formal enterprises which possess collateral and therefore, contended to be less risky (**Maloney, William F, 2003**).
7. According to **Makina and Malobola (2004)** MFI became a different growing industry and many MFIs exist starting from self-help groups to formal banks that provide financial service to many MSEs and low-income households. The service and support received by MFIs are not only from donors, but also from lenders, investors, rating firms, host of other specialized businesses, and network organizations.
8. There are a number of financial services that are provided to MSE by MFI and these services include one or any combination of savings, credit, insurance, pension/retirement payment services. Apart from providing financial service to poor and low-income people, microfinance also provides for MSE with the provision of social and business growth and development services, such as providing non-financial services to business enterprises like; business consultancy and training (**Brhane Radesse, 2014**).
9. Microfinance clients have low income and are often self-employed in the informal economy, conditions that together typically deny them access to banks and other formal financial institutions. They commonly run small stores on street stalls, create and sell items they make in their homes and rural areas, microfinance clients may be small-scale farmers and those who process or trade crops and goods. The main characteristics of MFI that differentiate from the other part of financial institutions, like it's being a substitute for formal financial institutions which generally does not require collateral and have simple procedures compared to it and less documentation, easy and flexible repayment schemes, financial assistance of members of group in case of emergency, most deprived segments of population are efficiently targeted, and last but not least, group interaction (**Fantahun Melles, 2004**).
10. According to **Joana Ledgerwood (2013)**, the techniques that MFI use to advance for the welfare of the poor include none financial services provided mainly for development of the poor are; providing education for the poor entrepreneurs to run their day to day business activities like literacy training and skill training, marketing,

bookkeeping, providing health and nutrition facilities. MFIs have become a strategy for reduction of poverty, financial services such saving facilities and small loans are provided to the poor and poorest people that were not given the opportunities to have the services of the formal commercial banks.

11. Providing financial access to the poor (men and women) with aim of giving opportunities to get and have a great role in their economics in building income, social empowerment, and bargaining power through entrepreneurship. There have been different models implemented for microfinance credit services. It has been found some of the models for this study out of that lending model of MFIs are Village banking, Grameen model, and Individual model (**FeMSEDA, 2016**).
12. There are a number of products and services provided by MFIs in which their main objectives are to serve the community who have not been served by the formal banks because of their inability to provide collateral that is demanded to access the financial services of the formal banks. The MFIs services provided to clients who are below or above the line of poverty can be classified into four different categories in which most of them are financial services without collateral like; Financial Intermediation, Social Intermediation, Enterprises Development Services and Social Services (**Mosley, 2001**).
13. Most of the poor clients that need to be served by the financial institutions ask for small amount of loan and the financial institutions find it too risky because clients are either cannot explain themselves why they are needed the loan or illiterates or due to a far distance from the available financial institutions to get access to finance. In developing countries many financial services including commercial banks, MFIs, cooperatives and many more others provide financial services to MSEs and these financial service providers target specific subsegments of the MSEs landscape having the motives and the capacities as well, while the other larger financial institutions including commercial banks that provide financial services to MSEs tend to focus on the firms which are large and formal business enterprises but, MFI are known to their financial services (**Glisovic, Jasmina, and Meritxell Martinez, 2012**).
14. Financial markets will be a better work for the poor, and make a better work, firstly it is important to understand what are the things that are taking place in the financial market systems, what are the impacts of the services that are provided, how they are provided, who provided and to whom they are provided, the type of the financial services lacked including the segment of the population, how they lacked the access of the financial services that are demanded and which financial services they would like

to use (Gupta, Priya, and Guha, Samapti & Subramanian Krishnaswami, Shiva, 2013).

15. Masakure, O., Cranfield, J., and Henson (2008). argued similarly the main reason that formal banking financial services cannot be given to the poor is lack of collateral as the formal banks need some things that can be converted in to cash at the time the borrower cannot able to pay back the loan that was taken from the formal banks from every person that is expected to have the access of financial services from their financial institutions that commercial financial institutions.
16. The services of MFIs are in a demand whenever there is unhealthy conditions by the MFIs such as; when there are low levels of production/productivity that require financial assistance, MFIs are one of the most likely available and accessible means of financing to those MSEs even if they are in a situation of less retained earnings and revenue generation still the bigger portion of MSEs' capital belongs to MFIs (Haftu et al Eds. 2009).
17. According to Lisa Danials (2009) identified in their study that was aimed to assess microfinance program impact on enterprise finance which found that microfinance program has led business enterprises and economic welfare of household to improve their enterprise development through financial and nonfinancial programs provided to MSEs because it targets those people who had been historically not served by the commercial banks and disadvantaged. MFIs have been involved in terms of providing financial services to MFIs which focused to eliminate poverty and make the poor to survive economically using many different strategies.
18. A research done in Tanzania that examined the credit roll on the success of small enterprise by J. A. Kuzilwa (2005) show that the enterprises after the access to financial services of MFIs has increased the output of the business enterprises in Tanzania using qualitative case study on a sample of business enterprises that were relatively small and micro that had and gained the financial access of MFI.
19. MSE used sometimes in this research study is to mean SME or MSME. The importance and contribution of MSEs in stimulating development hence growth is almost acknowledged particularly in the developing countries like Asia, Latin America, and Africa. Defining MSE has been controversial and difficult and a universal definition of the MSE does not exist given the multitude of different economic, social and geographic differences with the international context of MSE (Makorere, 2014).

20. In some countries, MSE is categorized based on the capital invested and in some other countries based on the employment opportunity they provide and there are also some other countries that define MSE based on the number of employees (Soma and Anant 2013).
21. Because of the potential and size of the sector to alleviate poverty and its national income contribution, the MSEs sector has a large body of related literature and this sector in all over the developing countries are widespread and studies show that on average 22% of the adult population get employed through this sector compared to the formal sector which is 15% (**Woday Amha and Tasse Woldehanna, 2017**).
22. Small enterprises are independent business enterprises managed by their owners, and their access to finance is limited from the formal banks which are generally registered business entities, while micro business enterprises are a type of informal business entities defined as business enterprises that have about less than ten employees (**Paul M., Muiruri, 2014**). In many countries, especially in developing countries, MSEs are small informally organized commercial operations owned and operated mostly by the poor.
23. There are various problems faced by MSEs in Ethiopia such as; institutional economic and structural in nature such as lack of working premises, problems related to marketing, lack of capital, lack of qualified manpower and shortage of raw material supply are some of the most pressing problems till today that MSEs face though, Many Ethiopian youths have been driven in to a various sector of MSEs economic as a strategy for survival. MSEs in Ethiopia is one of the most social economic development mechanism that has been recognized as a tool for sustainable income and employment creation and undoubtedly believed by many researchers as it's the second largest employment opportunity generation for the poor people after the agriculture sector (**Xitian Wang, 2013**).
24. Financial needs of MSEs are specific contexts and diverse because generalizing the market studies result has its own risks but there are some patterns regarding MSEs that seem emerging. In business life cycle, MSE firms from most of the developing countries depends on informal sources of fund in their first stage and have basic needs such as the basic concept of accounting like, how to manage cash flow from the different stakeholders, short-term loans basic at the bank account (**Robinson 2001**).
25. **Schiffer and Weder (2001)** argue that the poor are generally excluded from the financial services sector of the economy so MFIs have emerged to address this market

failure. By addressing this gap in the market in a financially sustainable manner, an MFI can become part of the formal financial system of a country and so can access capital markets to fund their lending portfolios, allowing them to dramatically increase the number of poor people they can reach.

26. Microfinance is defined as a development tool that grants or provides financial services and products such as very small loans, savings, micro-leasing, micro-insurance and money transfer to assist the very or exceptionally poor in expanding or establishing their businesses. It is mostly used in developing economies where SMEs do not have access to other sources of financial assistance (**Temesgen Keno, 2012**).
27. The purpose or goal of any firm is to make profit and growth. A firm is defined as an administrative organization whose legal entity or frame work may expand in time with the collection of both physical resources, tangible or resources that are human nature (**Wolday Amha and Anteneh Kifle, 2015**).
28. Enterprise development services or business development services or nonfinancial services are provided by some MFIs adopting the integrated approach. The services provided by nonfinancial MFI services are; marketing and technology services, business training, production training and subsector analysis and interventions (**Malhotra, M, Etal, 2006**).
29. **Mohammad (2003)** noted that access to external finance apart from banks is costly and limited, and poses a challenge to SMEs, although it is essential for the maintenance of long-term opportunities and targets. These external loan products also require collateral and are highly priced. SMEs use finance from NBFCs and informal sources at higher rates of interest, particularly in the early stages.
30. **Ambrose (2012)** also identified barriers to effective financial assistance to SMEs, which included absence of collateralized security, and the regulatory framework. In addition, the unavailability of skilled workers, the lack of infrastructure, and an inability to raise capital through the stock market (especially for MSMEs with a net worth of less than Rs100 million (about \$1.5 million) are other challenges. Barriers have also been examined in the context of gender (Irwin and Scott 2010), firm size, the length of a lending relationship, and the use of overdraft credit.
31. **Peters (2002)** concluded that the cost of capital is high for MSMEs, and that there is a need to reduce the time and documentation required for procuring finance. It is pointed out that with MSMEs' rising need for short-term and long-term capital, banks should

move toward more innovative methods of lending to provide for those firms' financial needs.

32. According to **Rubambey. G (2001)** states that Microfinance can be critical element of poverty reduction strategy improved access and efficient provision saving, credits and insurance facility in particular enable to the poor their consumption manage risk better built asset. Gradually develop microenterprise, enhance income earning capacity and enjoy improved quality life.
33. The main feature of microfinance institution which are differentiate it from other commercial institutions are such that it is a substantial formal credit generally require no collateral have simple procedures and less documentation easy and flexible scheme financial assistant of members group in case of emergency most deprive segment of populations are efficiency targeted and last but not least is group interaction (**Cowling, 2003**)
34. **Kessy and Urio (2006)** states, Microfinance services have triggered a process toward broadening and deepening of rural financial markets and have strengthened the social and human capital of the poor, particularly women, at the household, enterprise, and community level Sustainable delivery of microfinance services on a large scale in some countries has generated positive developments in microfinance policies and practices among all, microfinance service providers, and external funding agencies.
35. According **Beck (2005)** point out that Microfinance institutions attempt to overcome these barriers through innovative measures such as group lending and regular savings schemes, as well as the establishment of close links between poor clients and staff of the institutions concerned.
36. **Ghosh (2013)** found out that the level of income of a small-scale entrepreneur is an important component that determines demand for credit. Demand for credit is shown to be more in households with higher income indicating that these entrepreneurs had better ability of repaying loans extended to them by formal commercial banks or any other formal financial institutions.
37. **Walliman (2005)** Stated that due to their ability to generate higher incomes, they had accumulated collaterals to secure loans. What this implies is that wealthier entrepreneurs were more likely to succeed in securing credit from formal financial institutions while the less wealthy individuals probably obtained from the informal sector

38. **Bhandari and kundru (2013)** states that Poor and low income households who need financial services large and the types of services they need vary across households microenterprises over a time have a large demand for safe convenient deposit services, this reflect the importance of saving for these households and enterprises for variety of reasons .the poor need to save emergencies, investments, consumption, social obligation and education for children and many other purpose. They have the capacity and willingness to save .saving is the important for enterprises and provides them for major source of investment funds.
39. **Bayyoud and Sayyad (2016)** states that, “labor-intensive and equitable, combined with larger outlays of social expenditures, especially directed towards the poor are a winning combination in the fight against poverty. Large demand and service needed across households and microenterprises and over the time have created have scope for commercial financial intermediation .demand deposit service among the poor is confirmed by empirical evidence .example ,number of saving accounts and accounts belongs to poor households.
40. **Srinivas (2013)** stated that Microfinance institutions provide reliable source of finance support and assistance to compare to source for financing .sources operate outside the microfinance industry typically form informal relationship with borrowers and have no real legal or substantial ties with their customers. In India microfinance has a very important role to play in development according to proponents of microfinance.
41. **Harambee,et.al, (2014)** states that microfinance plays three key roles in developments; it helps farms households meet basics needs and protects against risks, associated with improvements in household economic welfare and helps to empower women by supporting women’s economic participation and so promotes gender equity
42. **Bosma et al Eds. (2011)** states that successful microfinance institution operations demonstrate that the poor repay their loan and are willing to pay higher interest rates if they can access credit. The poor also save, and hence, microfinance should provide those saving facilities and some role of microfinance institution to mobilize deposits in order to expand outreach, who basic financial services to people that don’t currently have access to capital. Be grounded on market principles, it creates the possibility of future investments.
43. **Ahiawodzi & Adade (2012)** argued that the driving force behind SME development is excess labor supply, which cannot be absorbed in the public sector or large private enterprises and is forced into SMEs in spite of poor pay and low productivity. The SME

sector develops in response to the growth in unemployment, functioning as a place of last resort for people who are unable to find employment in the formal sector.

44. **Brandon (2013)** small enterprises are one of the most important key elements in achieving economic development in all countries of the world where it accounts for the highest percentage among all kinds of economic projects of all sizes.
45. **Akisimire (2010)** revealed that the key challenges hindering micro and small credit enterprises are high cost of repayment, unwillingness to act as guarantors and strict collateral requirements etc.
46. **Gibson and Van de Vaat (2008)** leading MFIs did not spread their lending out, but rather tended to concentrate in certain geographical areas, thereby generating saturation and excess competition in the local market.
47. **King & McGrath (2002)** Microfinance, risk taking behaviour and rural livelihood are the three dominating issues in the rural financial landscape. Inadequate access to financial services is considered to be one of the main reasons behind inadequate economic opportunity and poverty in rural India. Microfinance has played a significant role in shaping the rural financial scenario.
48. **Johnson & Copestake (2002)** in India, the beginning of microfinance movement could be traced to Self Help Group (SHG) – Bank Linkage Programme (SBLP) started as a pilot project in 1992 by NABARD. This programme proved to be very successful and has also developed as the most popular model of microfinance in India.
49. **Mwobobia (2012)** stated that the fall in the availability of credit from formal financial system led to the emergence of informal sources as well as SHGs and MFIs (Fisher and Sriram, 2002). At this juncture Micro Finance services are doing well in bringing excluded population to the main stream of formal banking system.
50. **Helms (2006)** stated that Non- governmental Microfinance Institutions specialize in lending to the self-employed and small and medium enterprises but are not licensed to take deposits. These Institutions depend on funds they raise from donors. Estimates World Wide indicates that NGO's offering financial services are more in numbers. Helms, further contends that Formal financial institutions (Banks) are commercial and government institutions that provide specialized lending services for small and medium enterprises. They could also be described as microfinance banks that led to SMES as their primary business purpose.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 RESEARCH METHODOLOGY

The methodology of study explains the systematic way of finding the answers to pre-determined questions. Moreover, this provides the clear path to accomplish and achieve the clear solution for the problem stated. The reliability strength and accuracy of the study mainly depend upon the methodology.

3.2 RESEARCH DESIGN

The research design is the basic framework or a plan for a study that guides the collection of data and analysis of data. In this survey and the design used is Descriptive Research Design. It includes surveys and fact-finding enquiries of different kinds. The major purpose of descriptive research is description of state of affairs, as it exists at present.

3.3 OBJECTIVES OF THE STUDY

The primary objective of the study is to analyse the importance of microfinance organizations for Small and Medium Scale Enterprises in Tamilnadu.

Other objectives are:

- To study about the loan provided through msme, loan disbursement, loan outstanding, sector coverage, Funds deployment.
- To investigate that access to finance is significantly related to growth of Small and Medium Scale enterprises.
- To investigate the effect of factors such as Advancing loan, Technical support, Value chain opportunities, and Social networks, on Small and Medium Enterprise growth.
- To analyse the ability of Micro Finance organizations to transform micro-businesses to formal small-scale enterprises

3.4 NEED OF THE STUDY

This study focuses on investigating the importance of Microfinance institutions for SMEs in Tamilnadu. This study is important to the stakeholders in the Microfinance sector and the SME sector to properly understand the role of Microfinance institutions in the growth of SMEs. The Microfinance Institutions through this study and develop an in-depth view of their services and how they affect the growth of SMEs. Further it will enable Microfinance Institutions improve

their engagement with the SMEs. The Study will also provide Insights to the government on the role of Microfinance services in the success of SMEs which are important to the economic growth of Tamilnadu.

3.5 TARGET POPULATION

The unit of study is what is referred to as a population in the study; it refers to all the characteristics which will be used in making some inferences while a sample population refers to the carefully selected members of the target population who serve as a representative section of that population. The target population in this study are the owners/entrepreneurs of SMEs in Tamil Nadu

3.6 DATA COLLECTION

A comprehensive questionnaire was prepared to meet out the needs of the objective. Questionnaires for respondents were self-administered which was, therefore, dropped and later picked.

Sources of data

Data collection method is the backbone of the research design. The source of data utilized for analysis and report preparation is both primary and secondary.

Primary data: Primary data was collected through the interview and getting the questionnaires filled. The questionnaire was given only to the employees who were willing to share their views.

Secondary data: The main source of secondary data was internet.

Sampling technique:

The Convenience Sampling Method is used for the survey. Convenience or opportunistic sampling is the crudest type of non-random sampling. This involves selecting the most convenient group available. Due to the small number of the entire study population and its easy accessibility, the census method was employed. The census method is designed to collect

information from each and every member of the population. It enables the researcher to gather sufficient information to assist in analysis and arriving at accurate results.

Sampling Unit:

The owners/entrepreneurs of SMEs in Tamil Nadu were contacted and the survey was made based on their response.

Sample Size:

30 owners/entrepreneurs of SMEs in Tamil Nadu were surveyed during the study period.

Questionnaire Design

Questionnaires were used as the main instruments of data collection in the study. The questionnaire was close-ended. As multi- option are given to the employees for their convenience. 5-point rating scale is used in the study. The use of the close ended question was aimed at controlling responses that gave rise for quantitative analysis. There were two main sections of questions; General information and Job information.

3.7 STATISTICAL TOOLS

Simple percentage analysis and tabulation is used to analysis the data. Pie chart and bar diagram is used to give pictorial representation to the analysis.

Percentage analysis:

Simple percentage analysis refers to a special kind of ratio in making comparison between two or more data and to describe relations between the data. Percentage can also be used to compare the relative terms, the distribution of two or more series of data.

Simple percentage = $\frac{\text{No. Of respondents}}{\text{Total no. of respondent}} \times 100$

CHI-SQUARE TEST:

The chi-square test is used to estimate how likely the observations that are made would be, by considering the assumption of the null hypothesis as true. A hypothesis is a consideration that a given condition or statement might be true, which we can test afterwards. Chi-squared tests are usually created from a sum of squared falsities or errors over the sample variance.

3.8 HYPOTHESIS

Hypothesis 1

Ho (Null Hypothesis): There is no significant relationship between gender of the respondents and their opinion that Micro Finance Institution make reasonable, favorable and reliable feasibility report in support of entrepreneur

H1 (Alternate Hypothesis): There is a significant relationship between gender of the respondents and their opinion that Micro Finance Institution make reasonable, favorable and reliable feasibility report in support of entrepreneur

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

4.1 AGE OF RESPONDENTS

The following table shows the age group of respondents.

TABLE 1: Age

S.NO.	AGE GROUP	NO. OF RESPONDENTS	% OF RESPONDENTS
1	Under 18	2	6
2	18 – 24	4	13
3	25- 34	5	17
4	35 - 44	5	17
5	45 - 54	8	27
6	Above 54	6	20
	TOTAL	30	100

The following chart shows the data that has been obtained from the respondents in the pictorial format.

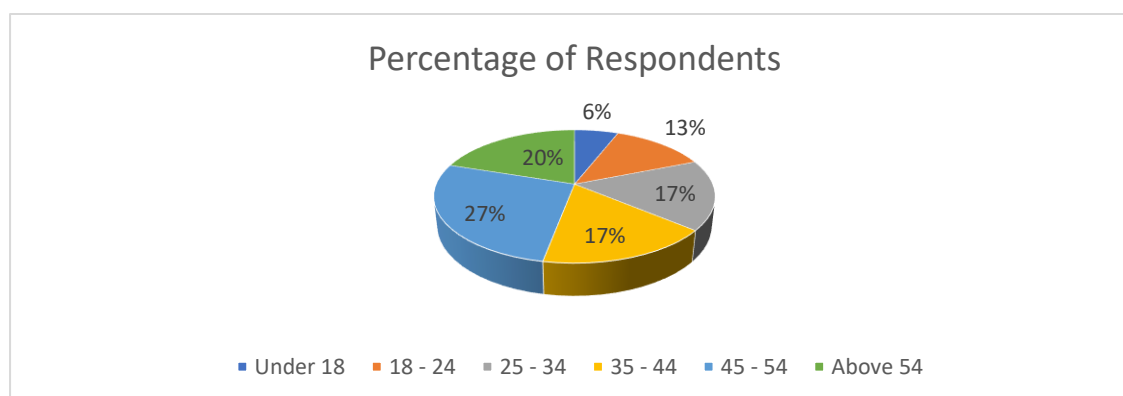


Chart 1: Age

Interpretation

The above table shows the age group of the respondents. About 6% of the respondents are under 18 years of age. About 13% of the respondents are 18 to 24 years of age. About 17 % of the population are between the age of 25 to 34 years of age. About 17 % of the population are around the age of 35 to 44 years of age, about 27 % of the population are under the age group of 45 to 54 years of age, and about 20% of the respondents are 54 and above.

4.2 GENDER

The following table shows the gender of the respondents.

Table 2: Gender

S.NO.	GENDER	NO OF RESPONDENTS	% OF RESPONDENTS
1	Male	19	63
2	Female	11	37
		30	100

The following chart shows the data that has been obtained from the respondents in a pictorial format.

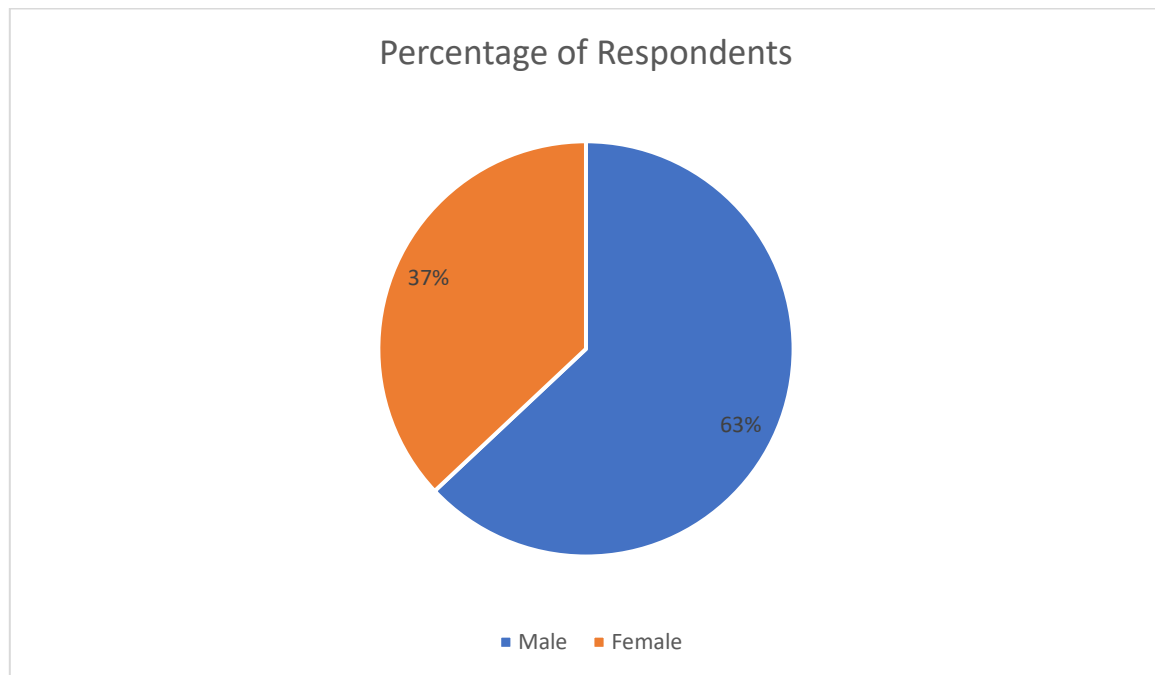


Chart 2: Gender

Interpretation

The above table shows the gender of the respondents. About 63 % of the respondents are male and 37% of the respondents are female.

4.3 EDUCATIONAL QUALIFICATION

The following table shows the education details of the respondents.

Table 3: Education

S. No.	Education	No. of Respondents	% Of Respondents
1	School level	6	20
2	Diploma	8	26
3	Certificate holder	4	13
4	UG	5	17
5	PG	3	10
6	Any higher degrees after PG	2	7
7	Higher Secondary	2	7
	Total	30	100

Here the respondents were asked to express their education level. The following chart shows the data that has been obtained from the respondents in the pictorial format.

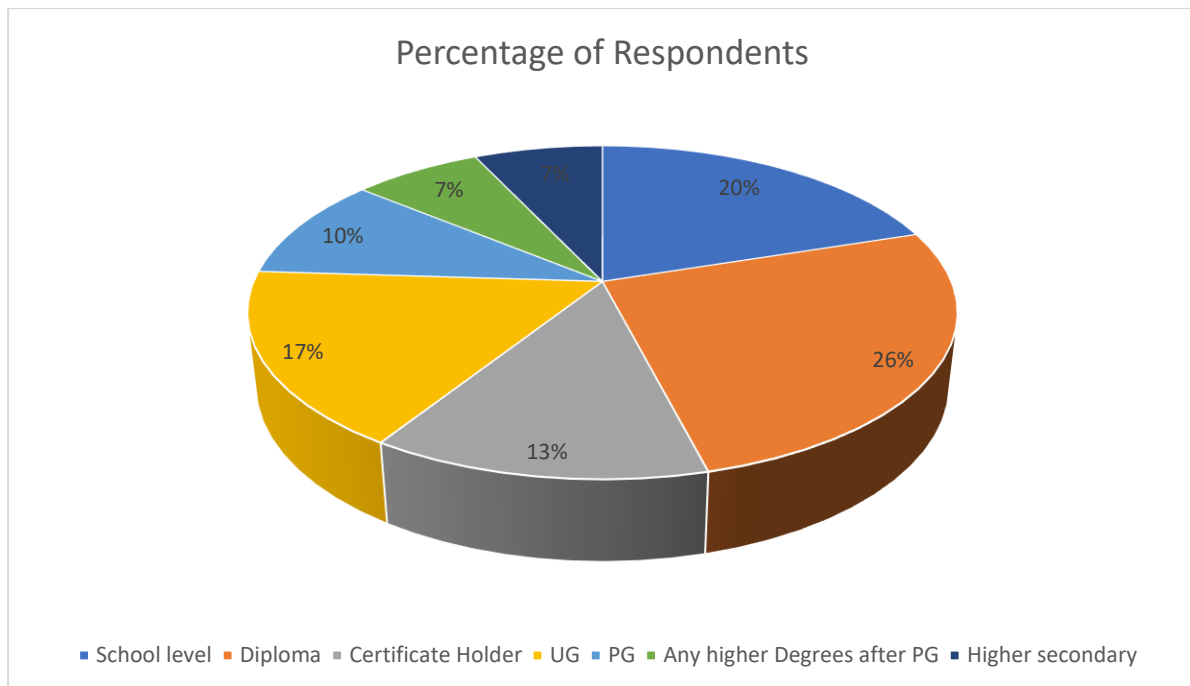


Chart 3: Education

Interpretation

The above table shows the education details of the respondents. About 20 % of the respondents have completed their schooling, About 26% of the respondents have completed their Diploma, About 13% of the respondents are certificate holders, About 17% of the respondents have completed their Under graduation, About 10% of the respondents have completed their Post graduation, About 7% of the respondents have completed their higher degrees after PG and about 7% of the respondents have completed their higher secondary.

4.4 AGE OF THE FIRM

The following table shows the age of the firm owned by respondents.

Table 4: Age of the firm

S.NO.	Age of the firm	No. of Respondents	% of Respondents
1	Less than 5 years	15	50
2	5 – 10 years	5	17
3	10 – 15 years	6	20
4	15 years	4	13
	TOTAL	30	100

Here the respondents were asked the age of their firm. The following chart shows the data that has been obtained from respondents in the pictorial format.

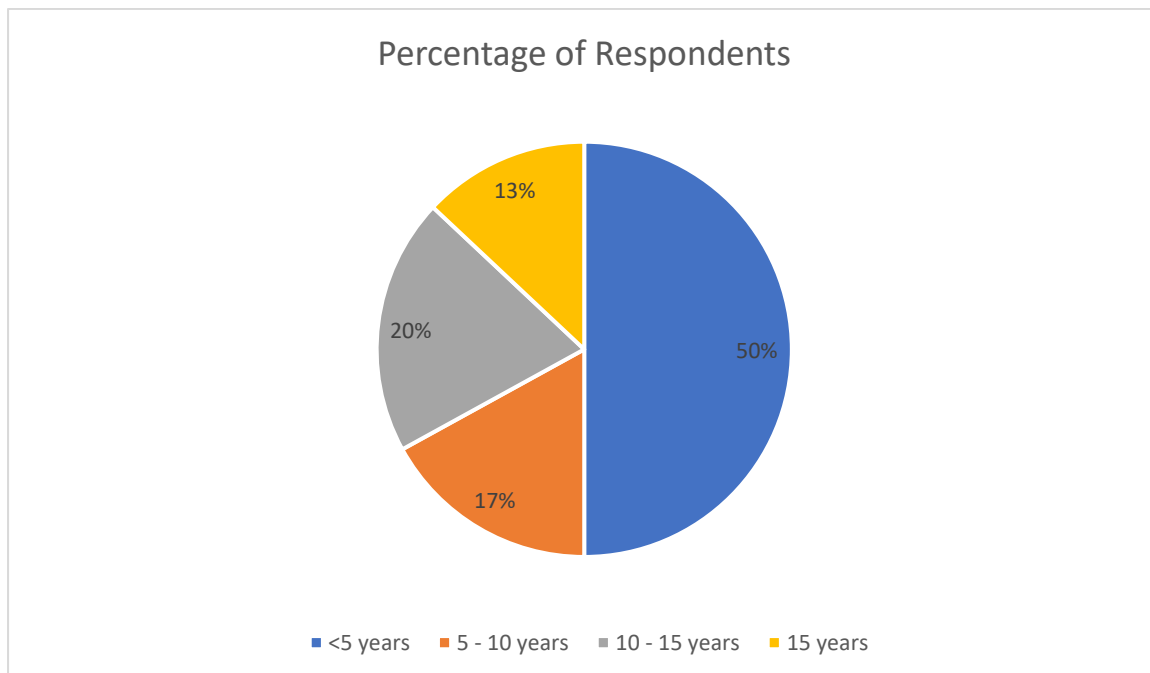


Chart 4: Age of the Firm

Interpretation

The above table shows the age of the respondent's firm. About 50% of the respondent's firms have not yet crossed 5 years of age, About 17 % of the respondent's firms range between 5 to 10 years of age, about 20% of the respondent's firms range between 10 to 15 years of age and about 13 % of the respondents firms have crossed 15 years.

4.5 SMEs PREFER A LOAN FROM MICRO FINANCE INSTITUTIONS AS THE SOURCE OF START-UP CAPITAL

The following table shows the growth of small and medium-scale enterprises as SMEs prefer a loan from microfinance institutions as the source of start-up capital.

TABLE 5: The growth of small and medium-scale enterprises as SMEs prefer a loan from microfinance institutions as the source of start-up capital

S. No.	The growth of small and medium-scale enterprises as SMEs prefer a loan from microfinance institutions as the source of start-up capital	No. of Respondents	% Of Respondents
1	Strongly Agree	4	13
2	Agree	13	44
3	Neutral	10	33
4	Disagree	2	7
5	Strongly Disagree	1	3
	Total	30	100

Here the respondents were asked to express the growth of small and medium-scale enterprises as SMEs prefer a loan from microfinance institutions as the source of start-up capital. The following chart shows the data that has been obtained from the respondents in the pictorial format.

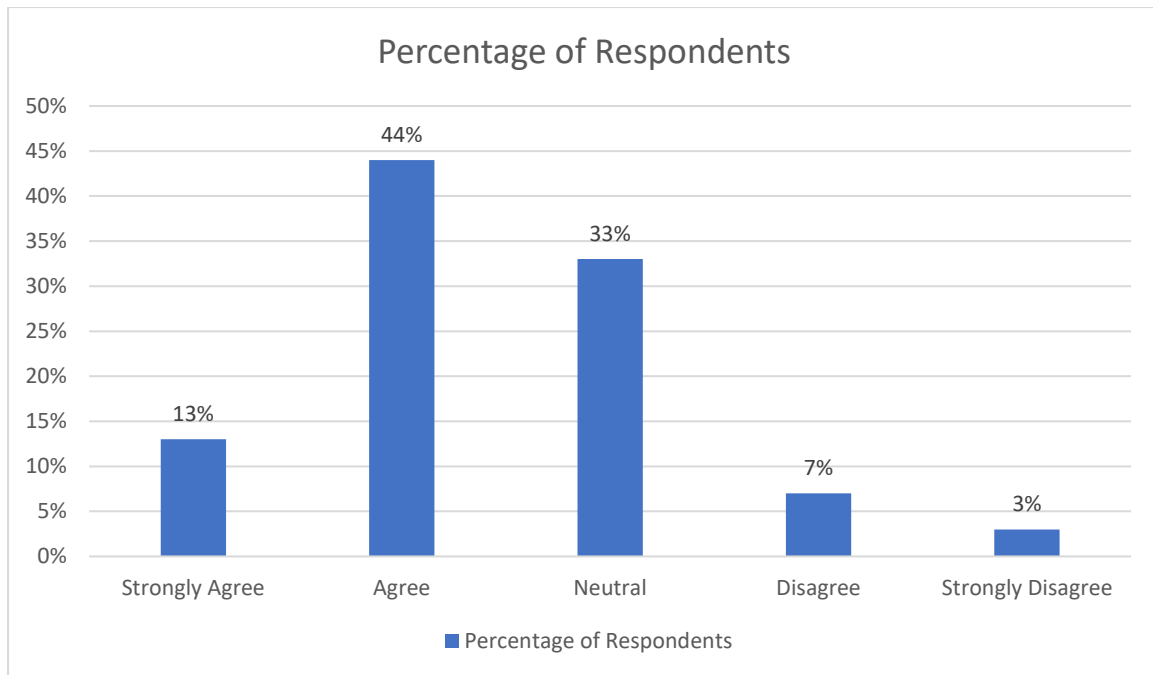


Chart 5: The growth of small and medium-scale enterprises as SMEs prefer a loan from microfinance institutions as the source of start-up capital

Interpretation

The above table shows the growth of small and medium-scale enterprises as SMEs prefer a loan from microfinance institutions as the source of start-up capital. About 13% of the respondents strongly agree to this context, about 44% of the respondents agree to this statement. But 33% of the respondents remain neutral on the growth of small and medium-scale enterprises as SMEs prefer a loan from microfinance institutions as the source of start-up capital, about 7% of the respondents show their disagreement towards this and about 3% of the respondents strongly disagree.

4.6 MICROFINANCE INSTITUTIONS CHARGE AN AFFORDABLE FEE FOR THE INITIAL ACCOUNT OPENING

The following table shows the growth of small and medium-scale enterprises as microfinance institutions charge an affordable fee for the initial account opening.

TABLE 6: Growth of small and medium-scale enterprises as microfinance institutions charge an affordable fee for the initial account opening.

S. No.	Growth of small and medium-scale enterprises as microfinance institutions charge an affordable fee for the initial account opening.	No. of Respondents	% Of Respondents
1	Strongly Agree	10	33
2	Agree	15	50
3	Neutral	3	10
4	Disagree	2	7
5	Strongly Disagree	0	0
	Total	30	100

Here the respondents were asked to express the growth of small and medium-scale enterprises as microfinance institutions charge an affordable fee for the initial account opening. The following chart shows the data that has been obtained from the respondents in the pictorial format.

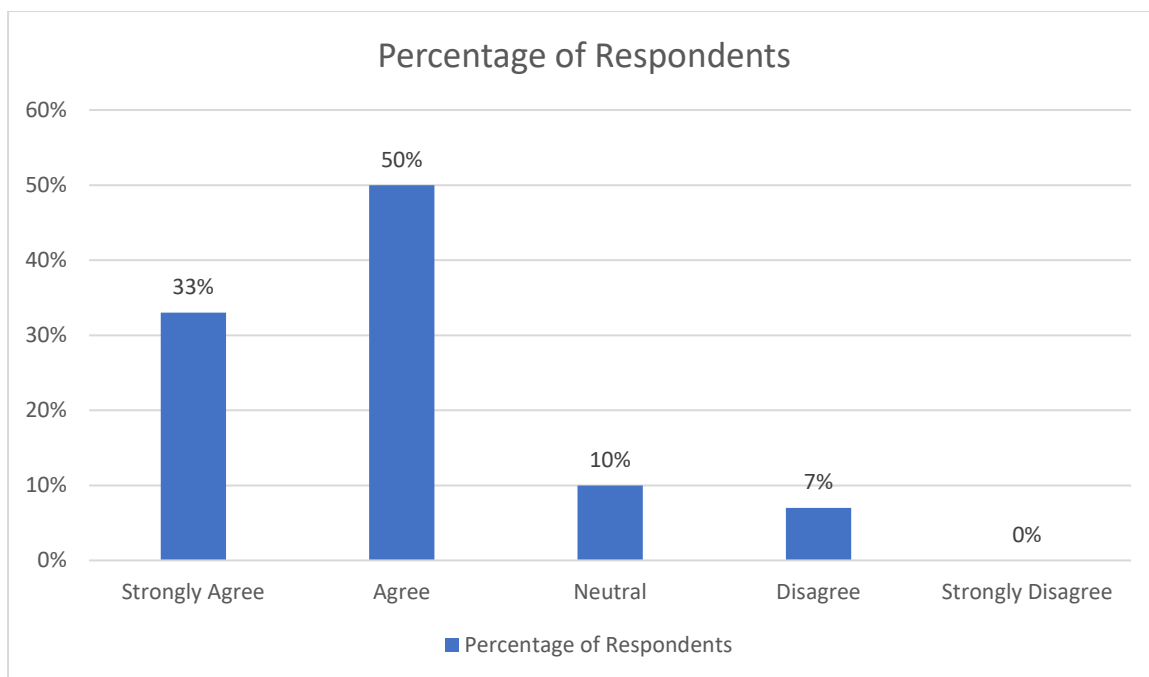


Chart 6: Growth of small and medium-scale enterprises as microfinance institutions charge an affordable fee for the initial account opening.

Interpretation

The above table shows the growth of small and medium-scale enterprises as microfinance institutions charge an affordable fee for the initial account opening. About 33% of the respondents strongly agree with this context and 50% of the respondents show that they agree with this statement. However, 10% of the respondents remain neutral on the growth of small and medium-scale enterprises as microfinance institutions charge an affordable fee for the initial account opening. About 7% of the respondents show their disagreement whereas around 0 respondents establish their strong disagreement.

4.7 MICROFINANCE INSTITUTIONS PROVIDE LOANS FOR EACH STAGE OF DEVELOPMENT OF SMEs.

The following table shows the growth of small and medium-scale enterprises as microfinance institutions provide loans for each stage of development of SMEs.

TABLE 7: The growth of small and medium-scale enterprises as microfinance institutions provide loans for each stage of development of SMEs

S. No.	The growth of small and medium-scale enterprises as microfinance institutions provide loans for each stage of development of SMEs	No. of Respondents	% Of Respondents
1	Strongly Agree	7	23
2	Agree	8	27
3	Neutral	9	30
4	Disagree	4	13
5	Strongly Disagree	2	7
	Total	30	100

Here the respondents were asked to express the growth of small and medium-scale enterprises as microfinance institutions provide loans for each stage of development of SMEs. The following chart shows the data that has been obtained from the respondents in the pictorial format.

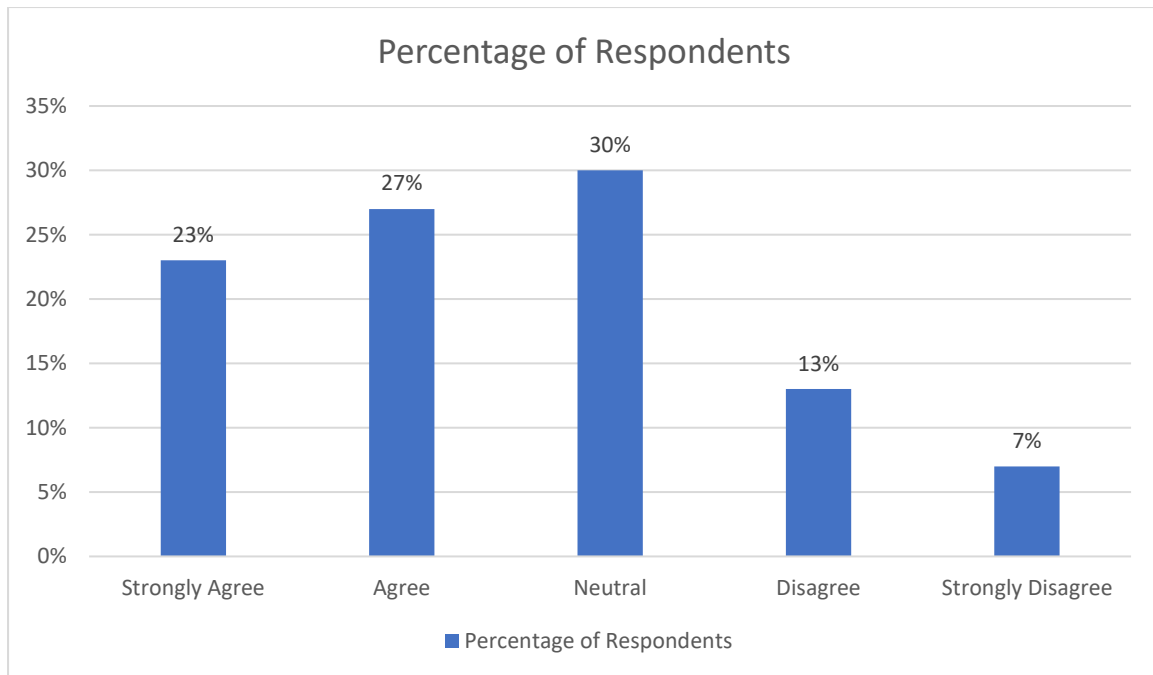


Chart 7: The growth of small and medium-scale enterprises as microfinance institutions provide loans for each stage of development of SMEs

Interpretation

The above table shows the growth of small and medium-scale enterprises as microfinance institutions provide loans for each stage of development of SMEs. About 23% of the respondents strongly agree to this context and about 27% of the respondents agree to this. But 30% of the respondents remain neutral on the growth of small and medium-scale enterprises as microfinance institutions provide loans for each stage of development of SMEs. About 13% of the respondents disagree on this and 7% of the respondents strongly disagree.

4.8 MICROFINANCE INSTITUTIONS MAKE REASONABLE, FAVOURABLE, AND RELIABLE FEASIBILITY REPORTS IN SUPPORT OF ENTREPRENEURS.

The following table shows advanced loan options microfinance institutions make reasonable, favourable, and reliable feasibility reports in support of entrepreneurs.

TABLE 8: Advanced loan options microfinance institutions make reasonable, favourable, and reliable feasibility reports in support of entrepreneurs

S. No.	Advanced loan options microfinance institutions make reasonable, favourable, and reliable feasibility reports in support of entrepreneurs.	No. of Respondents	% Of Respondents
1	Strongly Agree	4	13
2	Agree	7	24
3	Neutral	10	33
4	Disagree	7	23
5	Strongly Disagree	2	7
	Total	30	100

Here the respondents were asked to express advanced loan options microfinance institutions make reasonable, favourable, and reliable feasibility reports in support of entrepreneurs. The following chart shows the data that has been obtained from the respondents in the pictorial format.

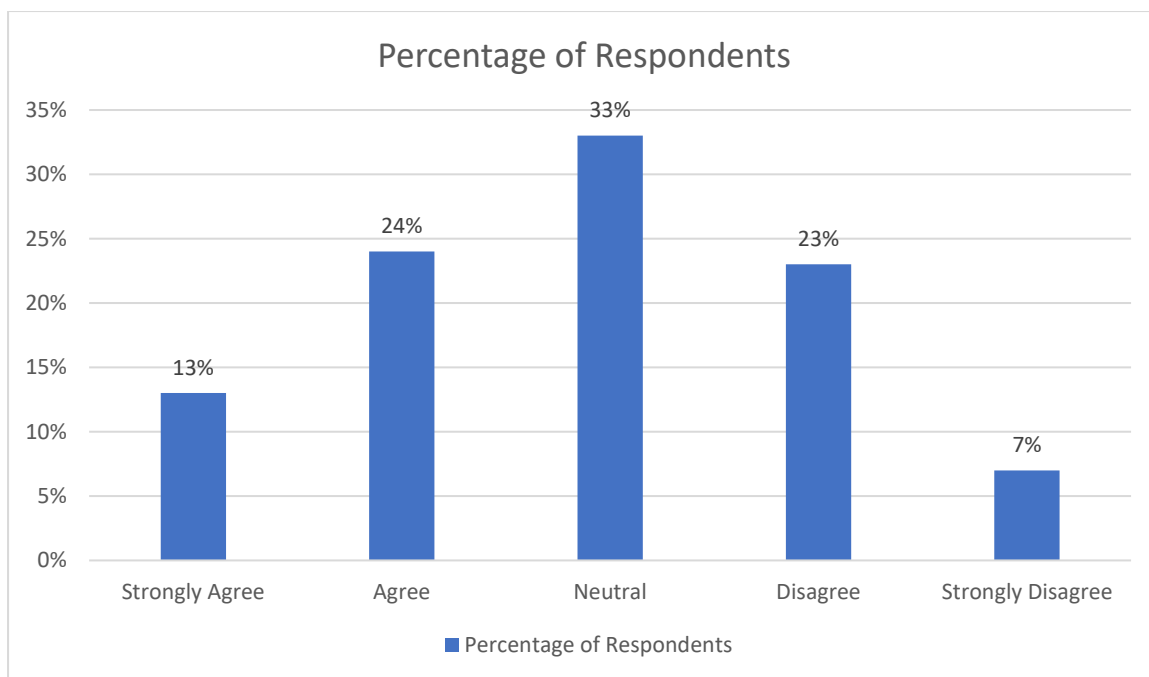


Chart 8: Advanced loan options microfinance institutions make reasonable, favourable, and reliable feasibility reports in support of entrepreneurs.

Interpretation

The above table shows the advanced loan options microfinance institutions make reasonable, favourable, and reliable feasibility reports in support of entrepreneurs. About 13% of the respondents strongly agree to this context and 24% of the respondents. But 33% of the respondents remain neutral to the advanced loan options microfinance institutions make reasonable, favourable, and reliable feasibility reports in support of entrepreneurs. About 23% of the respondents disagree to this context and 7% of the respondents strongly disagree.

4.9 LOAN PRODUCTS PROVIDED BY THE MICRO FINANCE INSTITUTION SUIT TO THE FIRM.

The following table shows the advanced loan products provided by the micro finance institution suit to the firm.

TABLE 9: Advanced loan products provided by the micro finance institution suit to the firm

S. No.	Advanced loan products provided by the micro finance institution suit to the firm	No. of Respondents	% Of Respondents
1	Strongly Agree	9	30
2	Agree	10	33
3	Neutral	8	27
4	Disagree	3	10
5	Strongly Disagree	0	0
	Total	30	100

Here the respondents were asked to express the advanced loan products provided by the micro finance institution suit to the firm. The following chart shows the data that has been obtained from the respondents in the pictorial format.

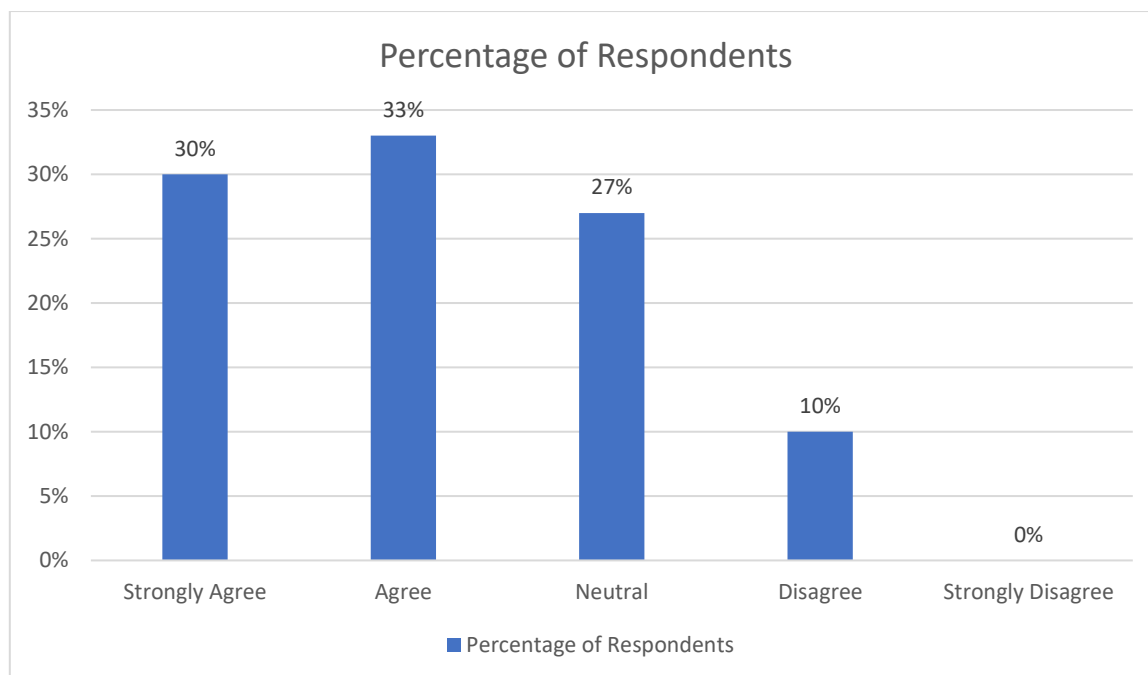


Chart 9: Advanced loan products provided by the micro finance institution suit to the firm

Interpretation

The above table shows the advanced loan products provided by the micro finance institution suit to the firm. About 30% of the respondents strongly agree to the mentioned context and 33% of the respondents agree with that. But 27% of the respondents remain neutral on the advanced loan products provided by the micro finance institution suit to the firm. About 10% of the respondents have showed their disagreement and 0% of the respondents strongly disagree.

4.10 KNOWLEDGE THAT IS GIVEN BY THE MICROFINANCE INSTITUTION ABOUT LOANS, HAS ENOUGH TO BE AWARE.

The following table shows advanced loan options and knowledge that is given by the microfinance institution about loans, has enough to be aware.

TABLE 10: Advanced loan options and knowledge that is given by the microfinance institution about loans, has enough to be aware.

S. No.	Advanced loan options and knowledge that is given by the microfinance institution about loans, has enough to be aware.	No. of Respondents	% Of Respondents
1	Strongly Agree	10	33
2	Agree	9	30
3	Neutral	5	17
4	Disagree	5	17
5	Strongly Disagree	1	3
	Total	30	100

Here the respondents were asked to express advanced loan options and knowledge that is given by the microfinance institution about loans, has enough to be aware. The following chart shows the data that has been obtained from the respondents in the pictorial format.

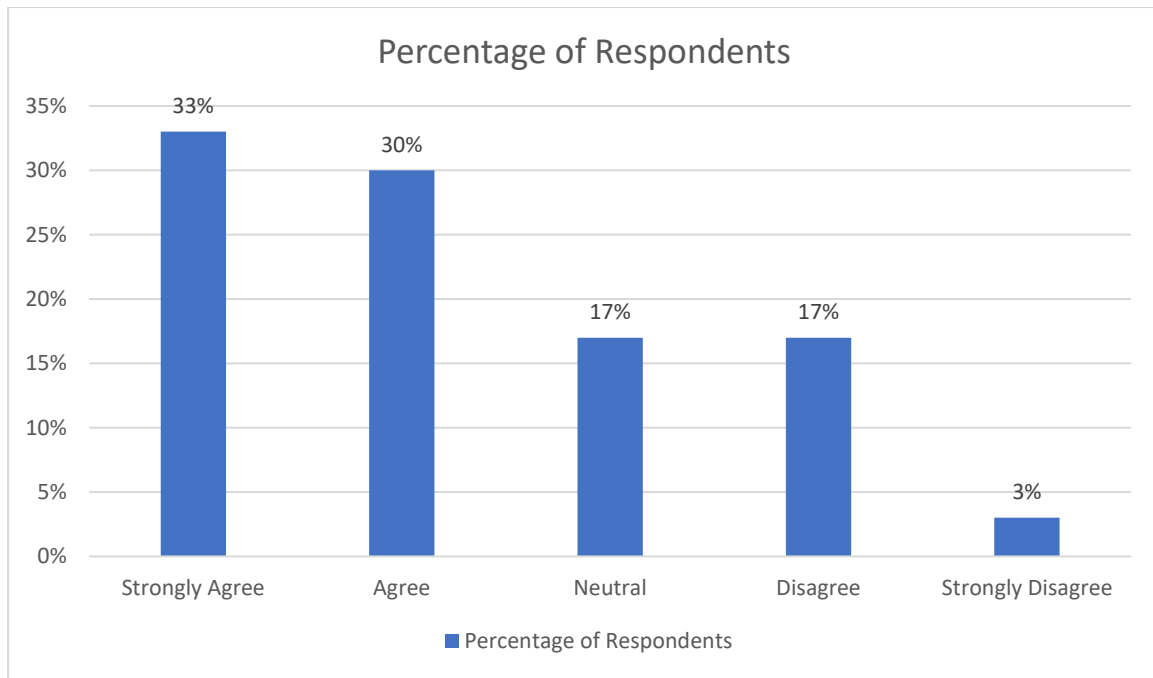


Chart 10: Advanced loan options and knowledge that is given by the microfinance institution about loans, has enough to be aware.

Interpretation

The above table shows the express advanced loan options and knowledge that is given by the microfinance institution about loans, which is enough to be aware. About 33% of the respondents strongly agree and about 30% of the respondents agree to a greater extent. However around 17% of the respondents remain neutral on express advanced loan options and knowledge that is given by the microfinance institution about loans, is enough to be aware. About 17% of the respondents disagree and about 3% of respondents strongly disagree.

4.11 ALL THE SMEs PEOPLE HAVE KNOWLEDGE OF ALL THE FINANCIAL PRODUCTS THAT THE MICROFINANCE INSTITUTION PROVIDES

The following table shows the technical support where he and his organization have the knowledge of all the financial products that the microfinance institution provides.

TABLE 11: Technical support where he and his organization have the knowledge of all the financial products that the microfinance institution provides

S. No.	Technical support where he and his organization have the knowledge of all the financial products that the microfinance institution provides.	No. of Respondents	% Of Respondents
1	Strongly Agree	3	10
2	Agree	6	20
3	Neutral	14	47
4	Disagree	3	10
5	Strongly Disagree	4	13
	Total	30	100

Here the respondents were asked to express the technical support where he and his organization have the knowledge of all the financial products that the microfinance institution provides. The following chart shows the data that has been obtained from the respondents in the pictorial format.

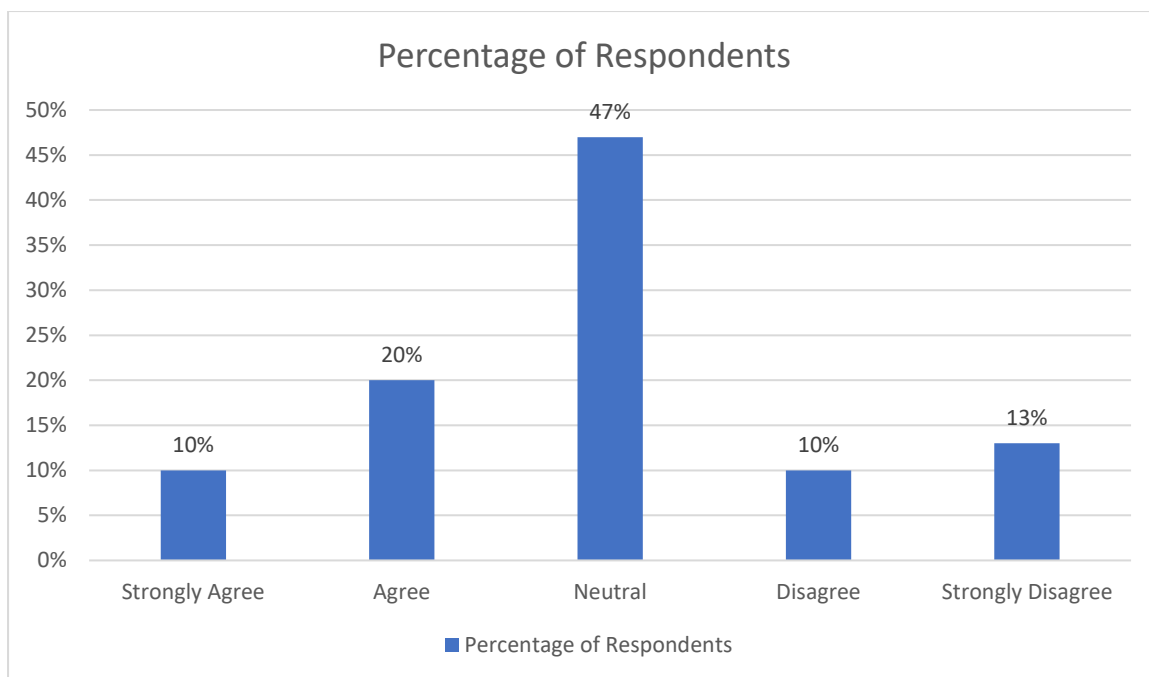


Chart 11: Technical support where he and his organization have the knowledge of all the financial products that the microfinance institution provides

Interpretation

The above table shows the technical support where he and his organization have the knowledge of all the financial products that the microfinance institution provides. About 10% of the respondents strongly agree and about 20% of the respondents agree to the context. But 47% of the respondents remain neutral on the technical support where he and his organization have the knowledge of all the financial products that the microfinance institution provides. About 10% of the respondents disagree to this statement and about 13% of the respondents strongly disagree.

4.12 MICROFINANCE INSTITUTION DISCLOSES ALL THE COST THAT WILL BE APPLIED TO THE LOAN

The following table shows the technical support where the microfinance institution discloses all the cost that will be applied to the loan.

TABLE 12: Technical support where the microfinance institution discloses all the cost that will be applied to the loan

S. No.	Technical support where the microfinance institution discloses all the cost that will be applied to the loan.	No. of Respondents	% Of Respondents
1	Strongly Agree	6	20
2	Agree	7	24
3	Neutral	15	50
4	Disagree	1	3
5	Strongly Disagree	1	3
	Total	30	100

Here the respondents were asked to express the technical support where the microfinance institution discloses all the cost that will be applied to the loan. The following chart shows the data that has been obtained from the respondents in the pictorial format.

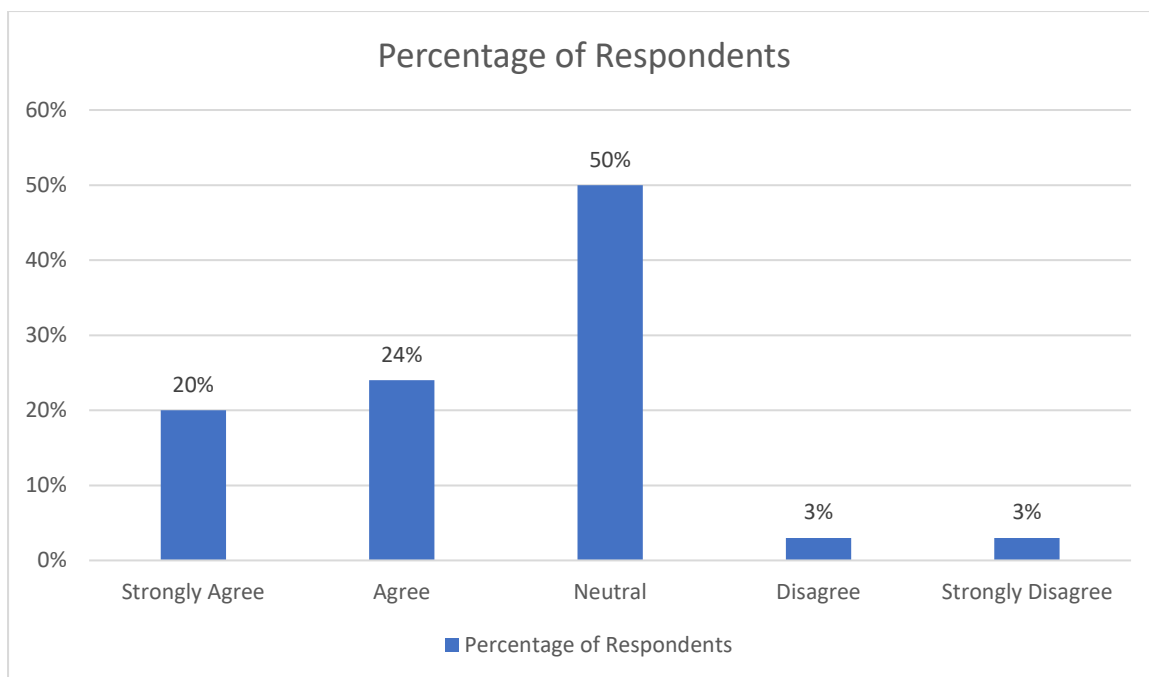


Chart 12: Technical support where the microfinance institution discloses all the cost that will be applied to the loan

Interpretation

The above table shows the technical support where the microfinance institution discloses all the cost that will be applied to the loan. About 20% of the respondents strongly agree and about 24% of the respondents agree to a greater extent on the mentioned context. But 50% of the respondents remain neutral on the technical support where the microfinance institution discloses all the cost that will be applied to the loan. About 3% of the respondents disagree and about 3% of the respondents strongly disagree on this context.

4.13MY ORGANISATION HAS EXPERIENCE AND KNOWLEDGE OF MANAGING MICROLOANS

The following table shows the technical support where my organization has experience and knowledge of managing microloans.

TABLE 13: Technical support where my organization has experience and knowledge of managing microloans

S. No.	Technical support where my organization has experience and knowledge of managing microloans	No. of Respondents	% Of Respondents
1	Strongly Agree	8	27
2	Agree	10	33
3	Neutral	6	20
4	Disagree	4	13
5	Strongly Disagree	2	7
	Total	30	100

Here the respondents were asked to express the technical support where my organization has experience and knowledge of managing microloans. The following chart shows the data that has been obtained from the respondents in the pictorial format.

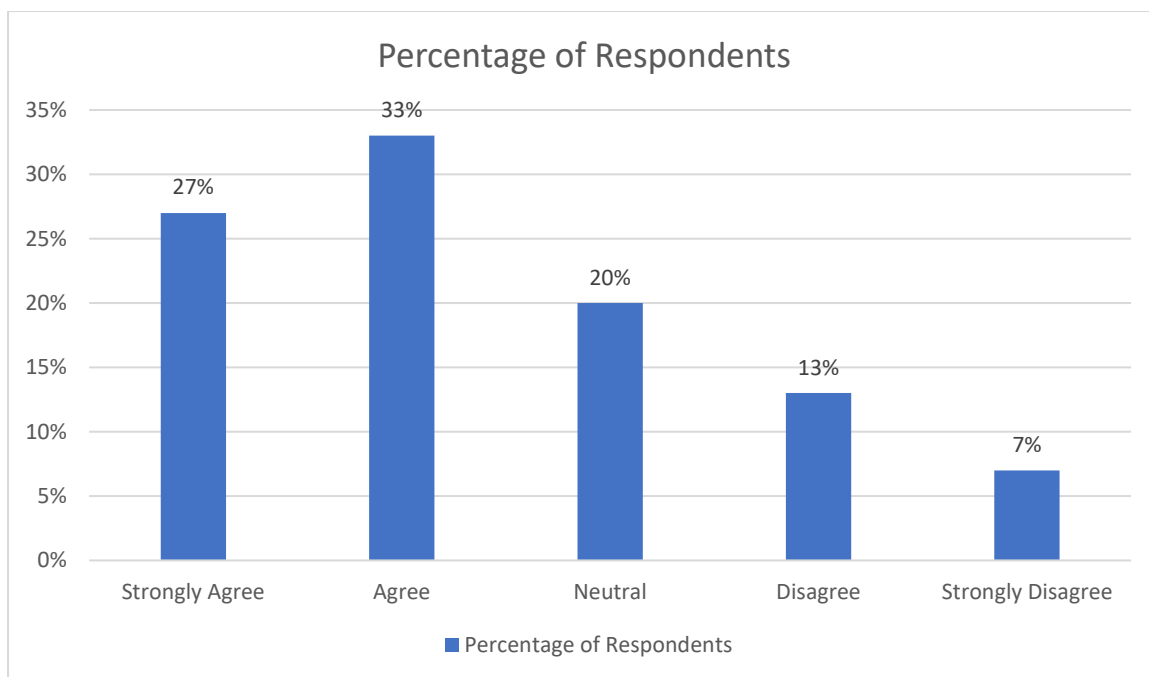


Chart 13: Technical support where my organization has experience and knowledge of managing microloans

Interpretation

The above table shows the technical support where my organization has experience and knowledge of managing microloans. About 27% of the respondents strongly agree and 33% of the respondents agree to a greater extent with this context. But 20% of the respondents remain neutral on the technical support where my organization has experience and knowledge of managing microloans. About 13% of the respondents disagree and about 7% of the respondents strongly disagree.

4.14 MICROFINANCE INSTITUTIONS HELP ENTERPRISES TO INNOVATE AND INVENT NEW GOODS AND SERVICES BY PROVIDING SECURE LOANS.

The following table shows value chain opportunities as microfinance institutions help enterprises to innovate and invent new goods and services by providing secure loans.

TABLE 14: Value chain opportunities as microfinance institutions help enterprises to innovate and invent new goods and services by providing secure loans.

S. No.	Value chain opportunities as microfinance institutions help enterprises to innovate and invent new goods and services by providing secure loans.	No. of Respondents	% Of Respondents
1	Strongly Agree	4	13
2	Agree	15	50
3	Neutral	8	27
4	Disagree	2	7
5	Strongly Disagree	1	3
	Total	30	100

Here the respondents were asked to express value chain opportunities as microfinance institutions help enterprises to innovate and invent new goods and services by providing secure loans. The following chart shows the data that has been obtained from the respondents in the pictorial format.

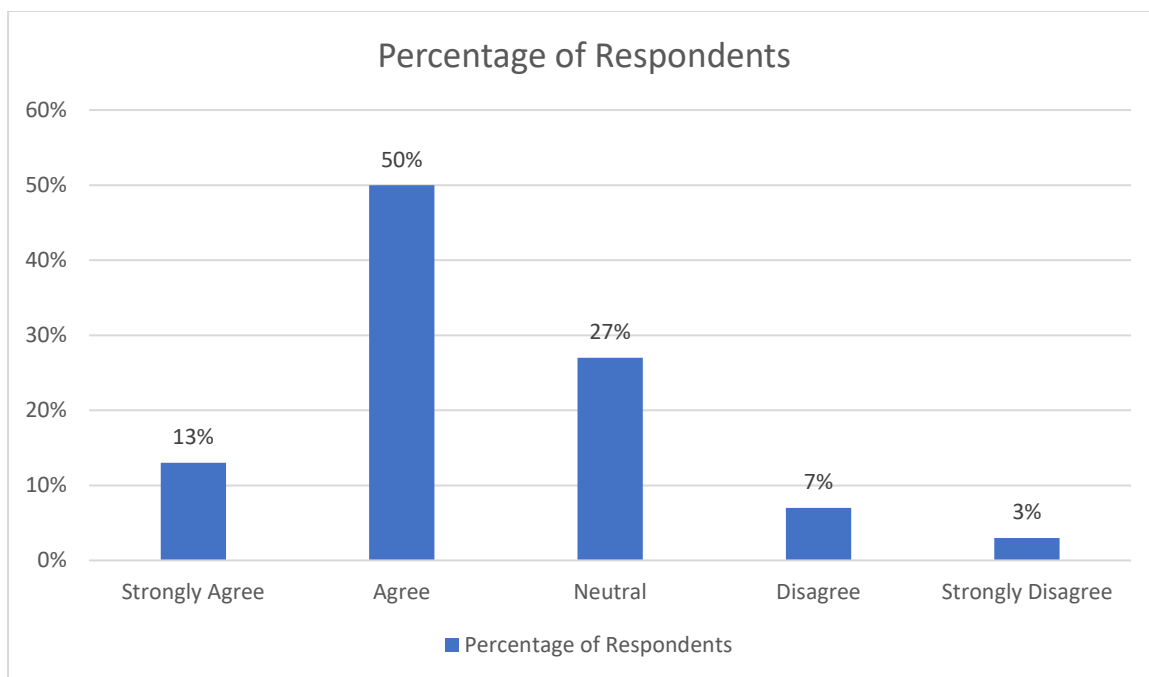


Chart 14: Value chain opportunities as microfinance institutions help enterprises to innovate and invent new goods and services by providing secure loans.

Interpretation

The above table shows the express value chain opportunities as microfinance institutions help enterprises to innovate and invent new goods and services by providing secure loans. About 13% of the respondents strongly agree and about 50% of the respondents agree to a greater extent. But 27 % of the respondents remain neutral on express value chain opportunities as microfinance institutions help enterprises to innovate and invent new goods and services by providing secure loans. About 7% of the respondents disagree and about 3% of the respondents strongly disagree.

4.15 MICROFINANCE INSTITUTIONS GIVE HELPING HANDS TO THE ENTERPRISES TO ENHANCE THEIR PRODUCTIVITY

The following table shows value chain opportunities as microfinance institutions give helping hands to enterprises to enhance their productivity.

TABLE 15: Value chain opportunities as microfinance institutions give helping hands to enterprises to enhance their productivity

S. No.	Value chain opportunities as microfinance institutions give helping hands to enterprises to enhance their productivity	No. of Respondents	% Of Respondents
1	Strongly Agree	5	17
2	Agree	7	23
3	Neutral	10	33
4	Disagree	5	17
5	Strongly Disagree	3	10
	Total	30	100

Here the respondents were asked to express value chain opportunities as microfinance institutions give helping hands to enterprises to enhance their productivity. The following chart shows the data that has been obtained from the respondents in the pictorial format.

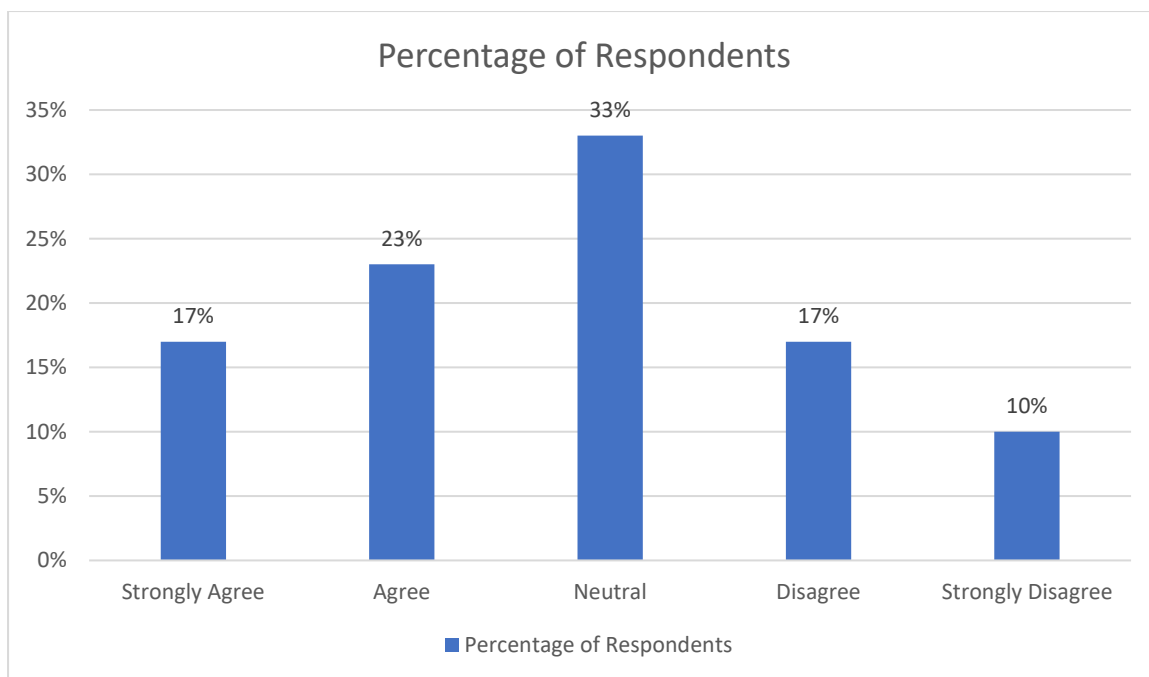


Chart 15: Value chain opportunities as microfinance institutions give helping hands to enterprises to enhance their productivity

Interpretation

The above table shows the value chain opportunities as microfinance institutions give helping hands to enterprises to enhance their productivity. About 17% of the respondents strongly agree and about 23% of the respondents agree to a greater extent on this context. But about 33% of the respondents remain neutral on the value chain opportunities as microfinance institutions give helping hands to enterprises to enhance their productivity. About 17% of the respondents disagree and about 10% of the respondents strongly disagree.

4.16 MICROFINANCE OPPORTUNITY TO THE ENTERPRISES TO TRANSFORM A PRODUCT OR SERVICE FROM IDEA TO REALITY.

The following table shows value chain opportunities as microfinance opportunities for the enterprises to transform a product or service from idea to reality.

TABLE 16: Value chain opportunities as microfinance opportunities for the enterprises to transform a product or service from idea to reality

S. No.	Value chain opportunities as microfinance opportunities for the enterprises to transform a product or service from idea to reality	No. of Respondents	% Of Respondents
1	Strongly Agree	10	33
2	Agree	15	50
3	Neutral	4	14
4	Disagree	1	3
5	Strongly Disagree	0	0
	Total	30	100

Here the respondents were asked to express value chain opportunities as microfinance opportunities for the enterprises to transform a product or service from idea to reality. The following chart shows the data that has been obtained from the respondents in the pictorial format.

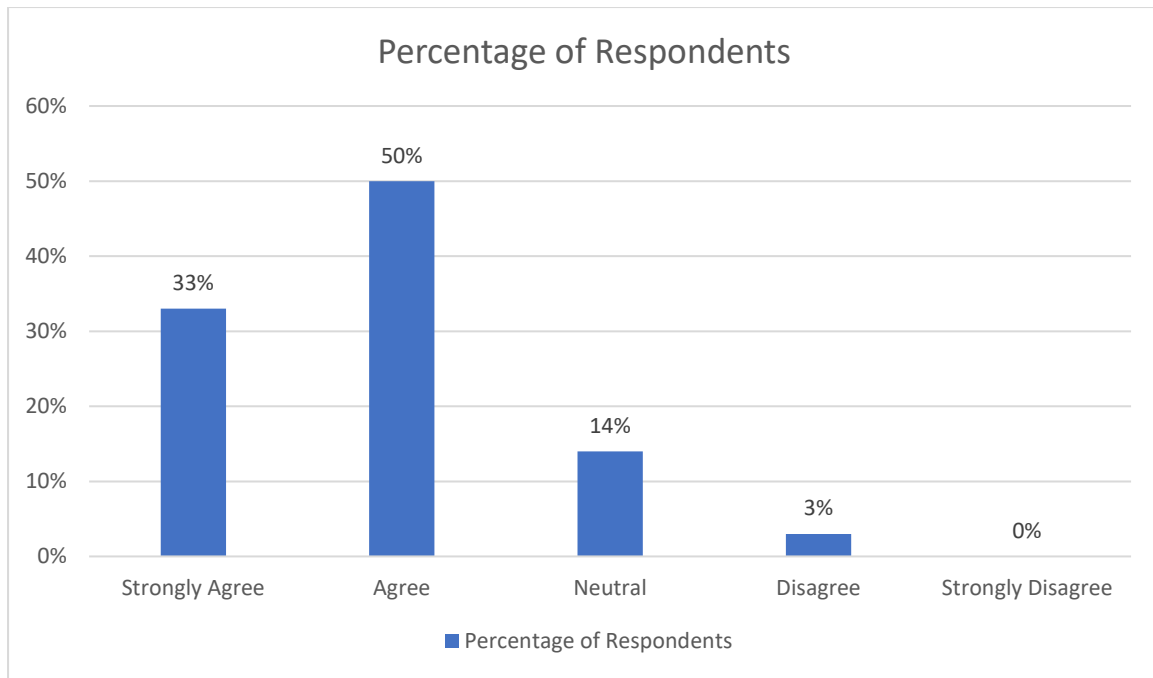


Chart 16: Value chain opportunities as microfinance opportunities for the enterprises to transform a product or service from idea to reality.

Interpretation

The above table shows the express value chain opportunities as microfinance opportunities for the enterprises to transform a product or service from idea to reality. About 33% of the respondents strongly agree and about 50% of the respondents agree to a greater extent on this context. But 14% of the respondents remain neutral on the express value chain opportunities as microfinance opportunities for the enterprises to transform a product or service from idea to reality. About 3% of the respondents disagree and about 0% of the respondents strongly disagree.

4.17 SATISFIED WITH THE UPDATES ABOUT THE SMEs' IN THE STATE AND THE RESPECTIVE BUSINESS ACTIVITIES BY THE MICROFINANCE INSTITUTIONS

The following table shows value chain opportunities as satisfied with the updates about the SMEs in the state and the respective business activities by the microfinance institutions.

TABLE 17: Value chain opportunities as satisfied with the updates about the SMEs in the state and the respective business activities by the microfinance institutions

S. No.	Value chain opportunities as satisfied with the updates about the SMEs in the state and the respective business activities by the microfinance institutions.	No. of Respondents	% Of Respondents
1	Strongly Agree	5	17
2	Agree	9	30
3	Neutral	10	33
4	Disagree	4	13
5	Strongly Disagree	2	7
	Total	30	100

Here the respondents were asked to express value chain opportunities as satisfied with the updates about the SMEs in the state and the respective business activities by the microfinance institutions. The following chart shows the data that has been obtained from the respondents in the pictorial format.

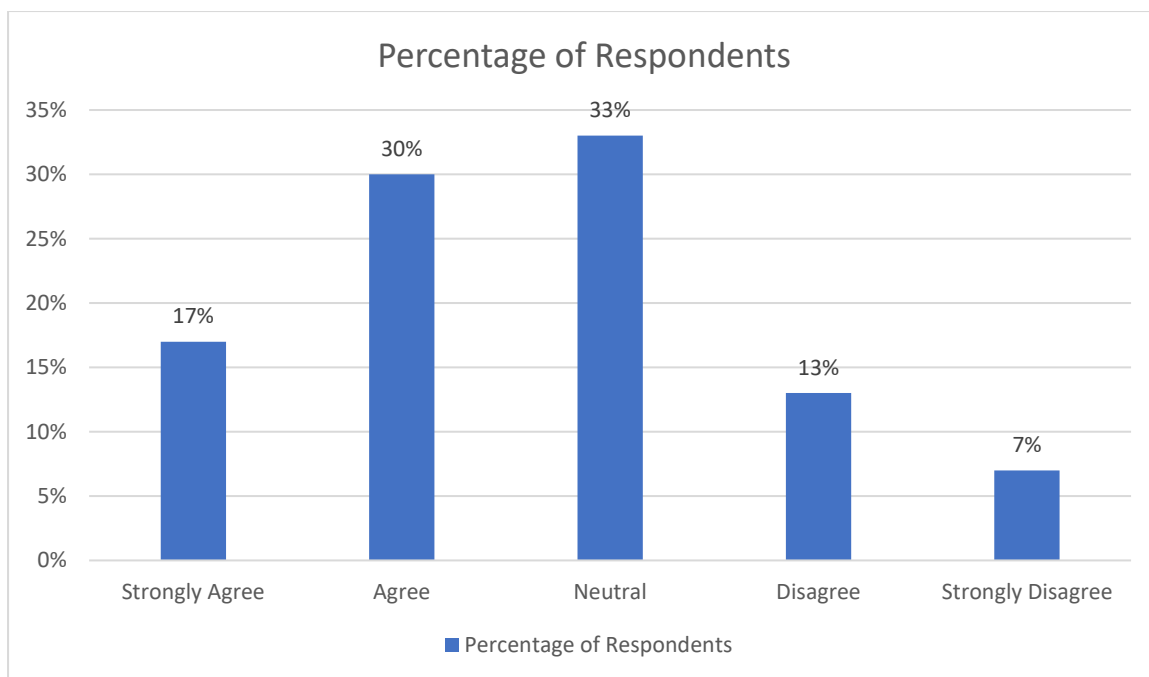


Chart 17: Value chain opportunities as satisfied with the updates about the SMEs in the state and the respective business activities by the microfinance institutions.

Interpretation

The above table shows the value chain opportunities as satisfied with the updates about the SMEs in the state and the respective business activities by the microfinance institutions. About 17% of the respondents strongly agree and about 30% of the respondents agree to a greater extent on this context. But about 33% of the respondents remain neutral on the value chain opportunities as satisfied with the updates about the SMEs in the state and the respective business activities by the microfinance institutions. About 13% of the respondents disagree and about 7% of the respondents strongly disagree.

4.18 CREDIT FROM THE MICROFINANCE INSTITUTIONS REALLY ASSISTS THE VENTURE WITH NORMALIZING THE ITEM/ADMINISTRATIONS TO THE DEGREE THAT THE FIRM ACCOMPLISHED A GENEROUS PIECE OF THE OVERALL INDUSTRY

The following table shows value chain opportunities as credit from the microfinance institutions really assists the venture with normalizing the item/administrations to the degree that the firm accomplished a generous piece of the overall industry.

TABLE 18: Value chain opportunities as credit from the microfinance institutions really assists the venture with normalizing the item/administrations to the degree that the firm accomplished a generous piece of the overall industry

S. No.	Value chain opportunities as credit from the microfinance institutions really assists the venture with normalizing the item/administrations to the degree that the firm accomplished a generous piece of the overall industry.	No. of Respondents	% Of Respondents
1	Strongly Agree	6	20
2	Agree	7	23
3	Neutral	9	30
4	Disagree	5	17
5	Strongly Disagree	3	10
	Total	30	100

Here the respondents were asked to express value chain opportunities as credit from the microfinance institutions really assists the venture with normalizing the item/administrations to the degree that the firm accomplished a generous piece of the overall industry. The following chart shows the data that has been obtained from the respondents in the pictorial format.

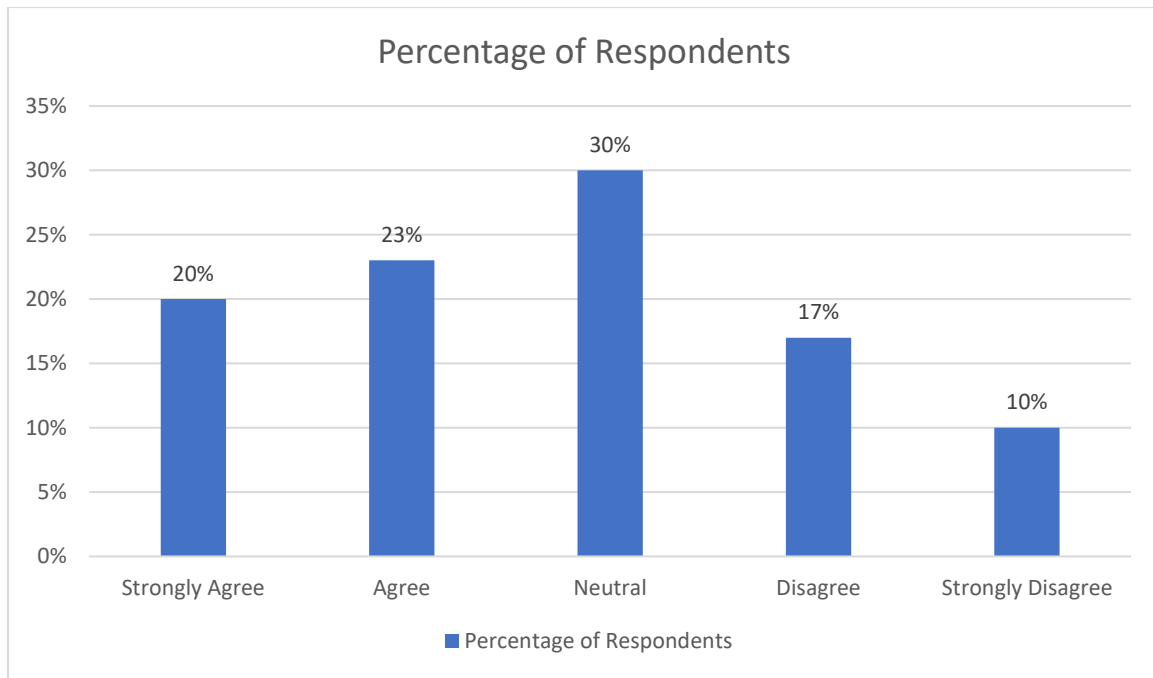


Chart 18: Value chain opportunities as credit from the microfinance institutions really assist the venture with normalizing the item/administrations to the degree that the firm accomplished a generous piece of the overall industry

Interpretation

The above table shows the value chain opportunities as credit from the microfinance institutions really assists the venture with normalizing the item/administrations to the degree that the firm accomplished a generous piece of the overall industry. About 20% of the respondents strongly agree and about 23% of the respondents agree to a greater extent on this context. But 30% of the respondents remain neutral on the value chain opportunities as credit from the microfinance institutions really assists the venture with normalizing the item/administrations to the degree that the firm accomplished a generous piece of the overall industry. About 17% of the respondents disagree and about 10% of the respondents strongly disagree.

4.19 MICROFINANCE INSTITUTIONS LEAN TOWARDS SME INDIVIDUALS AS THEY ARE BETTER AND MORE SOLID BORROWERS.

The following table the social network that microfinance institutions lean towards SME individuals as they are better and more solid borrowers.

TABLE 19: Microfinance institutions lean towards SME individuals as they are better and more solid borrowers

S. No.	Microfinance institutions lean towards SME individuals as they are better and more solid borrowers	No. of Respondents	% Of Respondents
1	Strongly Agree	5	17
2	Agree	9	30
3	Neutral	9	30
4	Disagree	6	20
5	Strongly Disagree	1	3
	Total	30	100

Here the respondents were asked to express the social network that microfinance institutions lean towards SME individuals as they are better and more solid borrowers. The following chart shows the data that has been obtained from the respondents in the pictorial format.

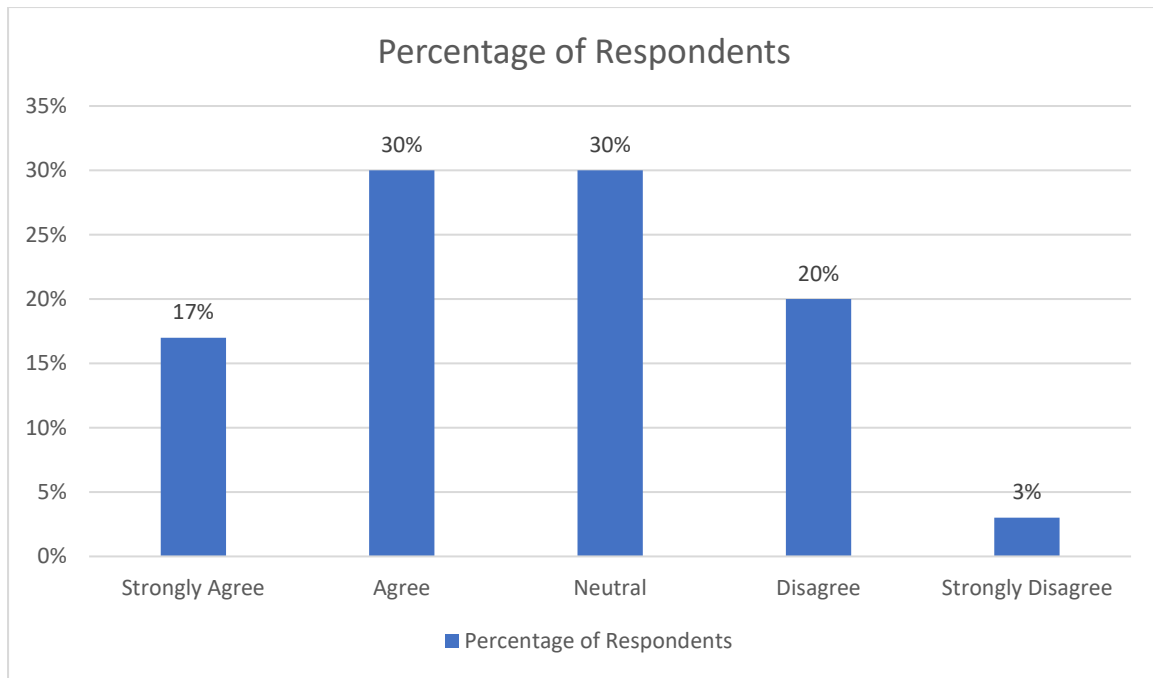


Chart 19: Microfinance institutions lean towards SME individuals as they are better and more solid borrowers.

Interpretation

The above table shows the social network that microfinance institutions lean towards SME individuals as they are better and more solid borrowers. About 17% of the respondents strongly agree and about 30% of the respondents agree to a greater extent on this context. But 30% of the respondents remain neutral on the social network that microfinance institutions lean towards SME individuals as they are better and more solid borrowers. About 20% of the respondents disagree and about 3% of the respondents strongly disagree.

4.20 MICROFINANCE, FINANCE INSTITUTION EMPOWERS POOR SMEs TO BECOME FINANCIAL INFLUENCERS BY EXPANDING THEIR PAY AND EFFICIENCY, GETTING TO BUSINESS SECTORS AND DATA AND DYNAMIC FORCE

The following table the social network that microfinance, finance institution empowers poor SMEs to become financial influencers by expanding their pay and efficiency, getting to business sectors and data and dynamic force.

TABLE 20: Finance institution empowers poor SMEs to become financial influencers by expanding their pay and efficiency, getting to business sectors and data and dynamic force

S. No.	Finance institution empowers poor SMEs to become financial influencers by expanding their pay and efficiency, getting to business sectors and data and dynamic force	No. of Respondents	% Of Respondents
1	Strongly Agree	7	23
2	Agree	10	33
3	Neutral	8	27
4	Disagree	5	17
5	Strongly Disagree	0	0
	Total	30	100

Here the respondents were asked to express the social network that microfinance, finance institution empowers poor SMEs to become financial influencers by expanding their pay and efficiency, getting to business sectors and data and dynamic force. The following chart shows the data that has been obtained from the respondents in the pictorial format.

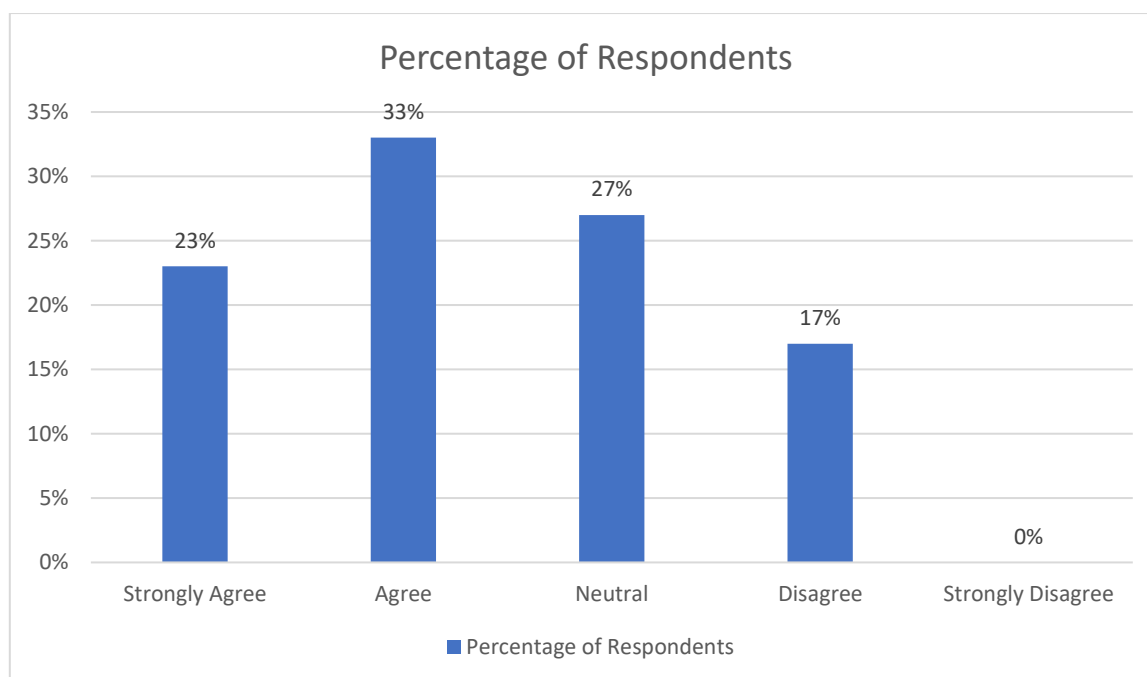


Chart 20: Finance institution empowers poor SMEs to become financial influencers by expanding their pay and efficiency, getting to business sectors and data and dynamic force

Interpretation

The above table shows the social network that microfinance, finance institution empowers poor SMEs to become financial influencers by expanding their pay and efficiency, getting to business sectors and data and dynamic force. About 23% of the respondents strongly agree and about 33% of the respondents agree to a greater extent with this context. But 27% of the respondents remain neutral on the social network that microfinance, finance institution empowers poor SMEs to become financial influencers by expanding their pay and efficiency, getting to business sectors and data and dynamic force. About 17% of the respondents disagree and about 0% of the respondents strongly disagree.

4.21 CHI SQUARE ANALYSIS

4.21 RELATIONSHIP BETWEEN GENDER OF RESPONDENTS AND THEIR OPINION THAT MICRO FINANCE INSTITUTION MAKE REASONABLE, FAVORABLE AND RELIABLE FEASIBILITY REPORT IN SUPPORT OF ENTREPRENEUR

The 16 has been analysed using chi-square test.

Gender

S.NO.	GENDER	NO OF RESPONDENTS	% OF RESPONDENTS
1	Male	19	63
2	Female	11	37
		30	100

Advanced loan options microfinance institutions make reasonable, favourable, and reliable feasibility reports in support of entrepreneurs

S. No.	Advanced loan options microfinance institutions make reasonable, favourable, and reliable feasibility reports in support of entrepreneurs.	No. of Respondents	% Of Respondents
1	Strongly Agree	4	13
2	Agree	7	24
3	Neutral	10	33
4	Disagree	7	23
5	Strongly Disagree	2	7
	Total	30	100

H0: There is no significant relationship between gender of the respondents and their opinion that Micro Finance Institution make reasonable, favorable and reliable feasibility report in support of entrepreneur

H1: There is a significant relationship between gender of the respondents and their opinion that Micro Finance Institution make reasonable, favorable and reliable feasibility report in support of entrepreneur

O – Observed Frequency

E – Expected Frequency

Expected frequency of any cell = $\frac{(\text{Row total of any cell}) * (\text{Column total of any cell})}{\text{Overall Total}}$

Overall Total

Table No: 4.23 Chi Square Analysis

Micro Finance Institutions make reasonable, favorable and reliable feasibility report in support of entrepreneur Gender	SA	A	N	D	SD	Row Total
Male	3	5	6	4	1	19
Female	1	2	4	3	1	11
Column Total	4	7	10	7	2	30

O	E	O-E	(O-E) ²	(O-E) ² / E
3	2.5	0.5	0.25	0.1
5	4.43	0.57	0.32	0.07
6	6.33	-0.33	0.10	0.01
4	4.43	-0.43	0.18	0.04
1	1.26	-0.26	0.06	0.05
1	1.46	-0.46	0.21	0.14

2	2.56	-0.56	0.31	0.12
4	3.66	0.34	0.11	0.031
3	2.56	0.44	0.19	0.075
1	0.73	0.27	0.07	0.09
			Calculated Value	0.760

Calculated Value = 0.760

Degrees of Freedom = $(r-1) * (c-1) = (2 - 1) * (5 - 1)$

= 4

Level of Significance = 5%

Table value 9.488

Here the calculated value is lesser than the table value ($CV < TV$ i.e $0.760 < 9.488$). So, accept H_0 , hence there is no significant relationship between gender of the respondents and their opinion that Micro Finance Institution make reasonable, favorable and reliable feasibility report in support of entrepreneur. So, invariably all the entrepreneurs believe that MFIs really support the SMEs.

CHAPTER 5

FINDINGS AND CONCLUSION

5.1 FINDINGS OF THE STUDY

- About 6% of the respondents are under 18 years of age. About 13% of the respondents are 18 to 24 years of age. About 17 % of the population are between the age of 25 to 34 years of age. About 17 % of the population are around the age of 35 to 44 years of age, about 27 % of the population are under the age group of 45 to 54 years of age, and about 20% of the respondents are 54 and above.
- About 63 % of the respondents are male and 37% of the respondents are female.
- About 20 % of the respondents have completed their schooling, About 26% of the respondents have completed their Diploma, About 13% of the respondents are certificate holders, About 17% of the respondents have completed their Under graduation, About 10% of the respondents have completed their Post graduation, About 7% of the respondents have completed their higher degrees after PG and about 7% of the respondents have completed their higher secondary.
- About 50% of the respondent's firms have not yet crossed 5 years of age, About 17 % of the respondent's firms range between 5 to 10 years of age, about 20% of the respondent's firms range between 10 to 15 years of age and about 13 % of the respondents firms have crossed 15 years.
- About 13% of the respondents strongly agree to this context, about 44% of the respondents agree to this statement. But 33% of the respondents remain neutral on the growth of small and medium-scale enterprises as SMEs prefer a loan from microfinance institutions as the source of start-up capital, about 7% of the respondents show their disagreement towards this and about 3% of the respondents strongly disagree.
- About 33% of the respondents strongly agree with this context and 50% of the respondents show that they agree with this statement. However, 10% of the respondents remain neutral on the growth of small and medium-scale enterprises as microfinance institutions charge an affordable fee for the initial account opening. About 7% of the respondents show their disagreement whereas around 0 respondents establish their strong disagreement.
- About 23% of the respondents strongly agree to this context and about 27% of the respondents agree to this. But 30% of the respondents remain neutral on the growth of

small and medium-scale enterprises as microfinance institutions provide loans for each stage of development of SMEs. About 13% of the respondents disagree on this and 7% of the respondents strongly disagree.

- About 13% of the respondents strongly agree to this context and 24% of the respondents. But 33% of the respondents remain neutral to the advanced loan options microfinance institutions make reasonable, favourable, and reliable feasibility reports in support of entrepreneurs. About 23% of the respondents disagree to this context and 7% of the respondents strongly disagree.
- About 30% of the respondents strongly agree to the mentioned context and 33% of the respondents agree with that. But 27% of the respondents remain neutral on the advanced loan products provided by the micro finance institution suit to the firm. About 10% of the respondents have showed their disagreement and 0% of the respondents strongly disagree.
- About 33% of the respondents strongly agree and about 30% of the respondents agree to a greater extent. However around 17% of the respondents remain neutral on express advanced loan options and knowledge that is given by the microfinance institution about loans, is enough to be aware. About 17% of the respondents disagree and about 3% of respondents strongly disagree.
- About 10% of the respondents strongly agree and about 20% of the respondents agree to the context. But 47% of the respondents remain neutral on the technical support where he and his organization have the knowledge of all the financial products that the microfinance institution provides. About 10% of the respondents disagree to this statement and about 13% of the respondents strongly disagree.
- About 20% of the respondents strongly agree and about 24% of the respondents agree to a greater extent on the mentioned context. But 50% of the respondents remain neutral on the technical support where the microfinance institution discloses all the cost that will be applied to the loan. About 3% of the respondents disagree and about 3% of the respondents strongly disagree on this context.
- About 27% of the respondents strongly agree and 33% of the respondents agree to a greater extent with this context. But 20% of the respondents remain neutral on the technical support where my organization has experience and knowledge of managing microloans. About 13% of the respondents disagree and about 7% of the respondents strongly disagree.

- About 13% of the respondents strongly agree and about 50% of the respondents agree to a greater extent. But 27 % of the respondents remain neutral on express value chain opportunities as microfinance institutions help enterprises to innovate and invent new goods and services by providing secure loans. About 7% of the respondents disagree and about 3% of the respondents strongly disagree.
- About 17% of the respondents strongly agree and about 23% of the respondents agree to a greater extent on this context. But about 33% of the respondents remain neutral on the value chain opportunities as microfinance institutions give helping hands to enterprises to enhance their productivity. About 17% of the respondents disagree and about 10% of the respondents strongly disagree.
- About 33% of the respondents strongly agree and about 50% of the respondents agree to a greater extent on this context. But 14% of the respondents remain neutral on the express value chain opportunities as microfinance opportunities for the enterprises to transform a product or service from idea to reality. About 3% of the respondents disagree and about 0% of the respondents strongly disagree.
- About 17% of the respondents strongly agree and about 30% of the respondents agree to a greater extent on this context. But about 33% of the respondents remain neutral on the value chain opportunities as satisfied with the updates about the SMEs in the state and the respective business activities by the microfinance institutions. About 13% of the respondents disagree and about 7% of the respondents strongly disagree.
- About 20% of the respondents strongly agree and about 23% of the respondents agree to a greater extent on this context. But 30% of the respondents remain neutral on the value chain opportunities as credit from the microfinance institutions really assists the venture with normalizing the item/administrations to the degree that the firm accomplished a generous piece of the overall industry. About 17% of the respondents disagree and about 10% of the respondents strongly disagree.
- About 17% of the respondents strongly agree and about 30% of the respondents agree to a greater extent on this context. But 30% of the respondents remain neutral on the social network that microfinance institutions lean towards SME individuals as they are better and more solid borrowers. About 20% of the respondents disagree and about 3% of the respondents strongly disagree.
- About 23% of the respondents strongly agree and about 33% of the respondents agree to a greater extent with this context. But 27% of the respondents remain neutral on the

social network that microfinance, finance institution empowers poor SMEs to become financial influencers by expanding their pay and efficiency, getting to business sectors and data and dynamic force. About 17% of the respondents disagree and about 0% of the respondents strongly disagree.

5.2 SUGGESTIONS

- Microfinance institutions should establish a strategic plan to increase and diversify financial, technical, and business services provided to MSEs.
- MFIs should focus more on the training services provided to its client because of the importance of training, especially for the new owners of MSEs who do not have enough experience running the business.
- Microfinance institutions should improve their operational self-sufficiency by making more loans with lower operating costs.
- The research also suggests that infrastructure be built to support the country's small and micro enterprise sector, which is backed by MFIs. These infrastructures may include the establishment of industrial compounds; particular local markets for marketing and selling small and micro activity products and services; local and international exhibitions to promote these small products; and finally, the establishment of particular marketing companies to sell and market these products internationally.

5.3 CONCLUSION

The study focused on the importance of micro finance organisations to small scale sectors in Tamilnadu. Although SMEs promote the development of an economy and it has been given adequate recognition that correspond with intensity of its contribution. On the other hand, SMEs have improved economy through increasing the operator's income and furthermore they can also save part of their income. In general, SMEs are contributing a lot in Unemployment reduction by increasing the income of individuals. Even though SMEs are contributing a lot for Unemployment, they are facing multidimensional Problems both at start up and operational levels.

Considering the main problems of the enterprises in different sectors this research reveals that, shortage of startup capital, lack of Working capital, Lack of raw material. lack working

of experience, lack of support from Government and non-government organization, lack of access for training were among the major problems faced.

Microfinance institutions are an asset to the developing and transition countries. The services they provide are tailored to meet the needs and aspirations of the local inhabitants and emphases are towards the poor. The products and services put forth to the members are not by itself a solution to the numerous problems affecting the poor. These problems range from business skills, lack of financial intermediation services, and the lack of markets, technology etc. This financial intermediation services will only provide a platform for those who are considered not fit to meet the obligations of the banks to be a client. SMEs are very much affected by these constraints and these MFIs are towards bridging the gap between formal and informal financial services. These institutions and its network being a typical example, provides a focal point that makes its members financially comfortable but with their hard work and commitment. It should be noted that microfinance does not serve or solve all the problems of the poor but it serves as a means of helping them to boost their economic activities or augmenting their status.

Despite the high interest rate charged sometimes, their products and services are still demanded but at times they are subsidized by the government. The main underlying factor here is that commercial banks do not serve poor clients with small loans as compared to Microfinance Institutions in the society for their growth.

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ANNEXURE

QUESTIONNAIRE

Demographic profile

1. What is your age?
 - ☐ Under 18
 - ☐ 18-24
 - ☐ 25-34
 - ☐ 35-44
 - ☐ 45-54
 - ☐ Above 54
2. Which gender do you identify most with?
 - ☐ Male
 - ☐ Female
3. What is your educational qualification?
 - ☐ UG degree
 - ☐ PG degree
 - ☐ Higher than PG degree
 - ☐ Certificate holder
 - ☐ Diploma
 - ☐ Schooling
 - ☐ Higher secondary
4. Age of your firm
 - ☐ < 5 years
 - ☐ 5 to 10 years
 - ☐ 10 to 15 years
 - ☐ 15 years

S. No	Particulars	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
	Growth of small and medium scale enterprise					
5	SMEs prefer a loan from Micro Finance Institutions as the source of start-up capital					
6	Micro Finance Institutions charge an affordable fee for the initial account opening					
7	Micro Finance Institutions provide loans for each stage of development of SMEs					
	Advancing Loan					
8	Micro Finance Institution make reasonable, favorable and reliable feasibility report in support of entrepreneur					
9	Loan product provide by the Micro Finance					

	Institution suit to the firm					
10	Knowledge that is given by the Micro Finance Institution about loan, has enough to aware					
	Technical support					
11	Myself and my organisation have the knowledge of all financial products that the Micro Finance Institution provides					
12	Micro Finance Institution discloses all the cost that will be applied to the loan					
13	My organisation have experience and knowledge of managing the Microfinance loans					

	Value chain opportunities					
14	Micro finance Institutions help the enterprises to innovate and invent the new goods and services by providing secure loans					
15	Micro Finance Institutions give helping hands to the enterprises to enhance their productivity					
16	Micro Finance Institutions give opportunity to the enterprises to transform a product or service from idea to reality					
17	Satisfied with the updates about the SMEs' in the State and the respective business activities by the Micro Finance Institutions					

18	Credit from Micro Finance Institutions really assist the venture with normalizing the item/administrations to the degree that the firm accomplished generous piece of the overall industry					
	Social Network					
19	Micro Finance Institutions lean toward SME individuals as the accept that they are better and more solid borrowers					
20	Microfinance, Finance foundation empowers poor SMEs to become financial influencers by expanding their pay and efficiency, getting to business sectors and data and dynamic force					

